Quilter Capital Markets Day

3rd November 2021

Paul Feeney: Good morning, all. I'm delighted to welcome you to our Capital Markets Day and to our new Head Office here at Senator House. It's also an absolute pleasure to welcome you back in person. And for those of you watching on the web, we look forward to catching up in person soon.

I'll start today by giving a top down perspective on our business and our strategy. You'll then hear from my team as I want you to see our bench strength. This is the team I've put in place to deliver on the opportunity we see ahead. But I wanted to start today with why we are doing this, why do a Capital Markets Day now? The simple answer is that three years on from listing and after restructuring the business we're now at an inflexion point. We set out with certain objectives at listing, these included disposing of non-core businesses, returning the capital from those sales to our shareholders, completing our platform transformation programme, reducing complexity and optimising our business and building out our distribution. And we've done just that. Moreover, with the capital return that'll come from the sale of International we will have made about £1 billion of special capital returns to shareholders since we listed. Quilter is now a simpler, modern, full service wealth manager and, having built those strong foundations, we're now really well-positioned for the next phase of our journey. And the things that will guide us in our next steps are driving growth, both in revenues and flows, further simplifying and improving the operating margin of our business, using digital tools and offerings to both improve our business and to make life easier for our customers and embedding ESG right into the heart of the business. I want Quilter to be seen as the responsible wealth manager and all we do will be characterised by an absolute focus on organic growth and driving efficiency.

Now, there are key things we'll be talking about today so I wanted to summarise them upfront. First, flows. While not directly related to the CMD, I'm delighted to be reporting third quarter net flows of £1 billion this morning, excluding Quilter International. This is a very significant increase on the £100 million we saw in the third quarter of last year, and what's particularly pleasing is we're seeing excellent growth in both of our distribution channels from our Quilter advisors and from independent financial advisors. Second, growth. We're setting out a target to more than double our operating profit by 2025 from the 2020 continuing business base and that'll underpin excellent earnings growth over the next few years. That is itself driven by a combination of revenue growth, achieving our 6% flow target, planned cost savings and some anticipated market growth. Third, we've also announced a new client-centric segmentation today that reflects the way we run our business and puts the customer at the heart of everything we do. Fourth, efficiency. As you know, we set operating margin targets of 25% plus for 2023 and 30% plus for 2025. We're setting out simplification plans today, including a further £45 million in cost saves to deliver this. Karin Cook – there she is - our Chief Operating Officer, and Mark will walk you through these later. Fifth, the dividend. Our confidence in our plans has contributed to the Board revising our existing dividend policy from our previous range of between 40% to 60% up to a new range

of between 50% to 70%. Mark will talk to the detail there later. Finally, I am pleased to confirm that the regulatory approvals needed before we can complete the sale of Quilter International have been progressing well with just one left outstanding. We expect the process will conclude before the year end. Given that confidence, we are setting today how we intend to make a special capital return of £350 million to shareholders. This represents around 75% of the gross proceeds expected.

Right, having set out those highlights, let's get into the detail and let's start with the fundamentals of our industry. Since 2015 the overall wealth market has grown by about 13% compound. By the end of June it stood at around £1.8 trillion. Regulatory and digital trends have encouraged flows to consolidate onto platforms and we don't see those trends reversing anytime soon. At the bottom you can see the D2C market in grey. It's the one part of the market where we've chosen not to operate. At the top is the retail advised market where we clearly do. Both those segments have been growing at broadly similar rates, about 15% compound, over the last five years but our market, the retail advised market, is larger. Then in the middle is the wealth management and discretionary market where we are also a leading player. This sub-segment has been growing a little less quickly but it's also a fragmented market and we see good opportunity to grow here, particularly as regulatory changes continue to drive a need for advice. And as we look forward we expect the wealth market to grow at a compound mid to high single digit rate of the next few years and the combination of achieving our flow target and equity market growth will put us at the top end of that range.

So that's the opportunity. I'll explain how we've reshaped ourselves to benefit from it but before I do that I want to cover our re-segmentation and why we've done it. Our new business segmentation comprises Affluent which encompasses Quilter Financial Planning, the Quilter Platform and Quilter Investors. Steven Levin will lead this customer segment. And then High Net Worth which includes our discretionary wealth manager, Quilter Cheviot, and our high end advice business, Quilter Private Client Advisors. This segment will be run by Andy McGlone. As well as simplifying our reporting our new structure has other benefits. It puts the client at the centre of all we do and provides them with a superior Quilter experience. It simplifies our operating model and it provides further scope to drive operational efficiencies.

So why have two client segments? Because the core proposition is slightly different for each. In the High Net Worth segment clients value a more bespoke discretionary managed proposition. It's a dual expert approach, an advisor - either one of our private client advisors or an IFA - plus an investment manager. Conversely, in the Affluent segment where we serve far more clients it's a single expert proposition - either one of our advisors or an IFA - plus a more unitised portfolio approach. But the way we service our clients and the operating model we use is always the same; both our segments have the same philosophy, gathering flows onto our platform from two strong distribution channels and increasingly managing those flows in our own investment solutions.

Let's take a step back and talk about our business model. A wealth management customer, whether High Net Worth or Affluent, needs three things; financial advice, a platform on which to hold their assets and money management

solutions to provide the returns that they need. We provide each of those. As well as having our own advice force we also support independent financial advisors, and that's it, that's our model. But what really matters are the benefits that our model brings. Having dual advice channels not only gives us greater breadth of distribution, it also gives us strategic control of distribution as the IFA market continues to consolidate. Having our own platform gives us scale and operating leverage right across our business and having our own investment solutions enables us to capture an additional source of revenue from our flows. And this model works for customers, it offers choice at a fair price, and quality assured choice is the bedrock of our philosophy.

Right, that's the benefits of the model. Let's now talk about the scale of the business. Across our firm we've got £109 billion of assets which are under administration, under management or both, and of that £109 billion £19 billion has come through our financial advisors and £90 billion has come from IFA firms. Now, we'll get into the different economics of each channel later but the broad difference is that the first channel, the Quilter channel, is rich in margin and faster-growing, while the second, the IFA channel, gives us huge scale. Now, looking at the same £109 billion a different way, £56 billion is administered solely by us on our platform and held in third party funds on the platform. £10 billion is managed by us but largely for historical reasons because of the lack of functionality of our old platform. It is administered on other platforms. And £43 billion is in our sweet spot, both administered by us and managed by us, and that is always our highest margin business. So for both segments our growth focus is the same, bring more flow in the door through both distribution channels and manage more of those flows in our investment solutions.

So let's talk about how we'll drive our distribution engines to originate more flow into each segment. In the Affluent segment we've already substantially improved productivity this year from a slightly lower advisor base. We'll get back to growing advisor numbers and improving productivity still further to drive higher flows onto our platform and into our solutions. We intend to capture more flows into our investment solutions by refining and where necessary broadening the range of products we offer, and I'll talk about that in a moment. We've also got clear plans to target IFAs who are only light users or indeed non-users of our platform to date. And then in the High Net Worth segment our integrated investment management and advice proposition gives us a new way of attracting client flows and will add to our client-facing teams - both investment managers and financial advisers - to drive that growth. And by adding our High Net Worth investment capability to our new UK platform we allow both our advisors and independent advisors to access Quilter Cheviot's discretionary solutions through a pensions wrapper. Notably, the Discretionary Investment Management Hub that we've added to the platform this year brings a managed portfolio capability which is one of the features most welcomed by advisors. We expect this to drive significant incremental flows for the High Net Worth segment. When we put that all together we are confident in our ability to hit our 6% flow target and assuming equity market growth of around 5%, which means about 3% to 3.5% for us, given our portfolio mix, we expect to be around £150 billion of assets under management and administration by end 2025.

Let me now focus on a key aspect of our pivot to growth by looking at our new UK platform. As you know, over the past few years we've been working hard to upgrade our platform. We completed that successfully back in February and I'm delighted that the benefit of those efforts is already coming through in the year to date figures. Our nine-month platform gross flows which we published today are the highest we have seen since 2017. At the end of the third quarter they were up 58% year to date. If we look at net flows they are up over 140%. And what I'm really pleased about is that it has not just been flows from our own advisors but a real resurgence in IFA flows that has driven this. That's great news. Given that we've only just got started on the opportunities we see ahead of us, we are confident that our platform is a best in class proposition and we're winning across the advice sector because our platform is focused on helping UK financial advisors build their own successful businesses.

We're doing this in three main ways. First, our platform has everything a financial advisor needs to deliver an exceptional service to their clients. This includes access to award-winning products, the most competitively priced funds and complete flexibility when it comes to drawing an income. Secondly, we make it incredibly easy for an advisor's team to use the platform, thanks to a really intuitive online user experience, unique processes like automated cash management and best in class reporting. And, finally, advisors are using our platform as a tool to grow their own businesses. There is now a huge range of discretionary fund management solutions available which means advisors can serve a wider range of clients on the platform. We've only just begun our new platform journey, we've got an exciting roadmap of developments which Steven will talk about later, and I am confident our platform will be a real engine for growth for us for many years to come.

Now let me turn to our investment solutions. Here outcomes are tailored to a client's risk appetite and we're in the process of embedding ESG metrics into our processes. Clients can then be sure their portfolios are structured in line with both their investment and their ethical expectations. Essentially, we offer three types of solution; a bespoke discretionary portfolio service, a managed portfolio service built up from individual funds and a multi-asset fund of funds approach which includes our respected Cirilium range. Long term performance across all solutions has continued to be excellent, and you will find those details in the appendix of today's presentation. While Cirilium went through a difficult phase in late 2019/early 2020, recent performance has been much more along the lines we expect. What is also important to us is matching investment solutions to client needs and, as you can see from this chart, we tailor our solutions so there are different managed solutions at differing price points, depending on clients' needs and preferences. So whether it's from highly active discretionary portfolio services or Cirilium active right down to more blended or passive solutions at a far lower price point, we cover the range right down. So we are agnostic really in terms of whether it's active, passive or blend. And of course the cost to manufacture each of these products varies so while we are not completely indifferent, we're relatively agnostic about which solution a client prefers.

Right, that's the story of our business but the Quilter opportunity doesn't stop there, there's also the cost line to take into consideration. Mark will get into the

moving parts and costs in his presentation and Karin will detail our simplification plans but let me just say a few high level words. In 2019 we set out our optimisation plans with the goal of taking around £50 million of costs out of the business by the end of 2021 and we've already achieved that. We always said that there was a next phase to come once we'd completed the platform transformation project. Earlier this year we upped the cost reduction target by £15 million with the intention of delivering that by the end of 2022. We are now lifting our incremental cost target by a further £45 million as part of our next phase of cost savings which we are calling 'simplification'. This is heavily focused on reducing the costs of our IT estate. That's now much easier to achieve following the sales of Quilter Life Assurance and Quilter International, both of which had legacy systems we had to support.

So a simpler operating model, a lower cost base and an enhanced customer experience, that's a win-win-win in my book. I said earlier that embedding greater digitalisation across the organisation was one of our key goals. When we announced the sale of International we told you we planned to retain a model proportion of the proceeds to fund selected opportunities to invest in longer term revenue generation plans. These include building a hybrid advice capability. This is a big initiative for us to help close the advice gap in the UK market and to provide Quilter services to a significant part of the UK population who don't have access to a financial advisor - Steven will talk to this in more detail later - allowing for a mobile-first approach to make our platform more accessible and adopting workforce productivity solutions to allow advisors and our platform teams to support more clients more efficiently.

We've got some exciting things to do here. I'm not going to be drawn on too much detail, given the competitive nature of these plans. We'll tell you more when we're ready to launch these initiatives but there is a big theme that I do want to talk about and that is being a responsible wealth manager. It's a subject that is close to my heart and not just because it's very important from a societal perspective. So what does being a responsible wealth manager mean to me? We want to be leaders in the provision of advice and investment solutions to clients with ESG tools and metrics embedded within our propositions. What does that mean? It means upskilling advisors to support them in having ESG conversations with clients, it means developing proprietary technology to psychometrically understand and rate a client's ESG preferences, it means having highly ranked consultant-rated investment solutions aligned to those ratings and it means carbon rating assets on our platform to allow advisors and clients to make informed choices about the environmental impact of their investments. The acceptance of the need for change to manage our climate is accelerating, and rightly so. We expect the Chancellor to target the UK to become the first net zero financial centre and we fully endorse these proposals. For us it's not just about a new product launch, it's about embedding ESG in our end to end processes – advice, platform and money management. We can do this because we operate right across the value chain, a clear benefit of the Quilter model. All of this is work in progress. We've made significant advances this year but there's more to do and you'll hear more from us on this subject over the months ahead. I think there's a real opportunity to deliver a differentiated proposition here. Of course it's not good enough just to offer options to our clients, we've got to live our values as well. It means acting responsibly and being a responsible employer, attracting,

developing and retaining great talent and embracing inclusivity. I set myself a goal at our listing to create an environment where our people can thrive, an environment where they can bring their true and authentic selves to work and where it's okay not to be okay. I've taken a personal stance on issues such as mental health in our industry and I will continue to do so.

So let me summarise what I've set out this morning. You've heard about why we've split our business into two new segments and how we're going to grow each of those segments by bringing more flow onto our platform with more of it going into our solutions and we expect that growth and our simplification initiatives to take us to a 25% plus operating margin by 2023 and a 30% plus operating margin by 2025. By 2025 we'll have significantly more assets, both on our platform and managed within our solutions, and that's the two Quilter areas with the highest operating margin. That's why we expect excellent compound earnings growth over the next several years. And it will enable us to lift our 2025 operating profit to more than double the 2020 continuing business base.

To conclude this introduction let me take you right back to the top of the presentation. I said we're at an inflexion point, after three years of restructuring we're really well positioned for growth. First, we've repositioned the Quilter advisor channel. It's poised to resume net growth in advisors and we've now got a far more productive advisor team who are far more aligned with our propositions. Secondly, having successfully delivered our new platform, we're seeing a meaningful uptick in flows with more to come. Thirdly, we are in a better position with our investment solutions, Cirilium Active is delivering strong performance again and the re-launch of WealthSelect in 2022 will provide an enhanced sustainable investment proposition. Fourth, we're excited about our plans for a hybrid advice offering and our scale and capacity mean we're well positioned to launch and manage this. We've also got a strong source of lead generation through the Affinity relationships that we acquired through Lighthouse. Finally, we've got clear plans to improve the efficiency of our business and to deliver the operating targets we've set out. It's an exciting story and we're all really looking forward to delivering it over the next few years.

Right, that's the scene-set. We'll now take a deeper dive into each of the segments, starting with Affluent and Steven Levin. Steven, right on cue. (Laughs)

Steven Levin: Good morning, everyone. For those who don't know me, as Paul said, I'm Steven Levin and I've been with Quilter for just over ten years. My roles have included the CEO of the UK platform for the last six years, most recently the CEO of Quilter Investors and now, as Paul has said, the head of our new Affluent segment. What we'll do today is walk through why we've created this segment and the opportunities that we see ahead. I'm joined by Steve Gazard who heads up our advice business within this segment and he'll explain how we're restructuring that business and how it will help drive growth.

So what is the Affluent segment? Affluent is made up of three separate businesses that you already know; Quilter Financial Planning, the Quilter platform and Quilter Investors. Each of these businesses are great at what they do but they're not as efficient as they could be and neither have they been truly integrated. We're now bringing them together to create a more focused and

cohesive business helping both customers and advisors achieve their goals. For our customers this means helping them feel more secure about their financial futures, and for advisors it means helping them run more successful advice businesses.

So what does customer-centric really mean in practice? Well, it's about delivering simple and clear propositions to our customers that meet their needs and their risk tolerances and it means offering a better end to end service. Together these factors will build persistency or loyalty across our business. And while being competitive on price is always important, we continue to believe that clients will value the quality of the service that we offer, the strength of our propositions and the assurance of the Quilter brand more than just price alone.

So let's take a step back now and look at the market. This slide shows the total UK advice platform market. It's large and growing with very strong demographic support. Now, as you can see, over the last six years assets have grown by about 15% which is particularly strong. Two trends in particular have driven this. First, the transfer of assets from traditional players in the long term savings industry onto modern platforms and, secondly, the high level of DB to DC transfers, though regulatory changes have slowed this in recent years. We believe that over the next few years the platform market will continue to grow at mid to high single digits before settling to mid single digit growth rate in the longer term. So I think you'll agree that this remains a very attractive market. And in terms of us, we've got a very strong position in this market. On the left you can see we're the second largest advisor network by number of advisors and on the right we're also the second largest player in the retail advised platform market. And if you look on the far right of that chart you'll see that we're one of only a handful of firms that operate a dual channel model and we're actually the only firm that has significant scale in both the IFA space and with our own very strong advice capability. And that scale drives economies, it drives our profitability and it drives value for our customers through using our market buying power for their benefit.

So now let's look at our model in a little bit more detail. This slide summarises where the assets in our business come from and how they're either administered or managed or both. So within Affluent we have about £81 billion of assets of which £56 billion are on the platform, £10 billion are in the Quilter investment solution only and then £15 billion are in that sweet spot that Paul talked about, being both administered and managed by Quilter. This is the most valuable piece and is highlighted in that green box in the centre. Of these assets about £65 billion have been brought to us through the IFA channel which provides very significant scale and significant annual flows onto our platform. The vast majority of those assets our role is administration only, so on the right hand side of that V, but a fair portion are also in our investment solutions. And then we've got our own advisor force from whom we capture around £16 billion of assets in total, most of which is on our platform but some of this is on other platforms. And while this business is smaller in terms of assets, it's got a much higher penetration of our own investment solutions so it's richer in margin and it's faster-growing. Mark is going to give you more detailed breakdowns of these numbers later so we'll drill down even further.

Now let me give you a little bit of colour on the revenue power of each of these channels. So, in the Quilter channel at the top, we generate advice revenues, platform administration margins, and a fee on the assets that we manage. So, based on our typical margins, and you can see the breakdown in the pie, this is about £200 million of revenue. And then below, on the IFA channel, we actually generate a very similar amount of revenue but of a much larger pool of assets, and this is because it is predominantly from the administration fees that we can generate this revenue. But we don't take any advice risk and therefore there are no advice revenues in this segment. So, as you can see, the IFA channel, it does provide – primarily, its fees are from assets under administration, whereas the asset management income is much more important for the Quilter channel.

So, that's where we are, but where are we headed? The objectives that Paul set out translate into five key priorities for the affluent business. First, we will steadily grow our advisor numbers, and we will also improve our advisor productivity. We expect to move back to net growth of advisor numbers in 2022. Second, we'll make our new integrated business propositions work harder to deliver for our customers and for their advisors. Third, we'll continue to build up a digital capability to drive growth and improve efficiency from mobile apps to straight through processing. Fourth, we'll embed ESG tools and propositions into our advice, our platform and our own investment solutions. And finally, we will deliver improvements in operating margin and efficiency. So, now let's look at each of our businesses in turn, advice, then the platform, and finally investment solutions.

So, starting with advice, the Quilter channel is the first of our two distribution channels. And I'm delighted that Steve Gazard is here to talk about what we've been doing with this channel. Steve has done a great job restructuring and repositioning this channel, and driving our advisor productivity over the last year. Over to you, Steve.

Stephen Gazard: Thank Steven, and good morning all. For those who don't know me, just to confuse things, I'm another Steve, I'm afraid. So, I've been running the advice business at Quilter for just over a year now. I'm a financial planner by background, and I've spent my entire professional life providing advice, building, running, and frequently restructuring advice firms, and I've done that across owner managed, AIM listed and FTSE environments. A few weeks into the pandemic, Paul asked me to lead our financial planning business in the next phase of its journey, to make Quilter the home of quality assured financial advice. I believe we've achieved a great deal over the past year, and what I'd like to do today is explain what we've done, why we've done it, what our vision is for that business going forward, and the opportunities we see. I'll cover how we're going to drive higher productivities and flows, as well as how we'll target more of the existing back book opportunity, and of course our return to growing advisor numbers once more.

So, why did we reorganise? Let me take you back to where we were about a year ago. To be fair, we had a pretty solid position. We'd already built the second largest advice business in the UK, and we'd done it over a relatively short timescale. But a number of rapid acquisitions had resulted in some complexity and a broad church of propositions. We were clear that we needed a simple, strong foundation as a base for growth once the new platform came on stream. So, that's really been my focus and that of my team over the past 12 months.

We've reduced complexity and we've bolstered our control environment, and as a result we now have a business that is far more strategically aligned with the overall Quilter agenda. We focused on ensuring that advisors and firms in Quilter Financial Planning are ready and aligned to take the next step of their journey together with us. Our offer is built on choice and on quality, but as we effectively underwrite the advice risk in the Quilter channel, we have got to ensure that we are being appropriately rewarded for taking that risk. As a result, we had some frank conversations with some advisors, where the economics or alignment simply didn't stack up. We knew that not everyone would come on the journey with us, and as we predicted, it led to some reductions in our advisor population. We flagged that to you back in March, and you saw the impact in the half year results. The top graph on the right summarises that position.

Experience from leading previous advice structures has taught me that it is far better to act quickly and robustly to drive the changes needed, and importantly emerge the other side as rapidly as possible, and that's what we've done. With a less productive or misaligned users of our proposition having left, there has been a tangible pickup in morale and delivery. We've now got a much more focused and effective, and frankly more motivated advisor staff population in place. And of course, we've done all of that against the less than ideal backdrop of a pandemic. As a result, we are already seeing a greater proportion of gross flows into our investment solutions and platform, which is great, and we see continued opportunities to enhance the productivity of our advisors. We'll do so by making it easier for them to deliver quality financial advice to their clients. So, I'm really clear, we are in a much better position today than we were a year ago, and we're now ready to embark on the next stages of growth. Now, we all know that there is an advice gap in the UK, but here at Quilter, we're on a mission to help close that gap. We want to be the best place to go for trusted advice in the UK, and we want to ensure that anyone who needs advice can get it. So, with that background, I'll cover the first two of the priorities on this slide. Firstly, how we're going to grow advisor numbers again, and then some levers we've got to drive productivity further. I'll then hand back to Steven to touch on some of the plans we have to grow our overall business.

So, let's turn to advisor numbers, and I'll start by clarifying something that's potentially not obvious from the headline numbers, and that is, despite deliberately reduced focus and resources on recruitment during this period of transformation, we have continued to attract and land quality advisors, with more in the pipeline. Those numbers are just currently being masked by the departures that I spoke of. As we expected, the rate of decline in the second half of the year is lower than it was in the first. But as we highlighted at midyear, overall advisor numbers are likely to end the year modestly behind those June levels, as we simply clear out the pipeline of levers. But now that we've completed the majority of our transformation, we've stepped up our recruitment plans and resources again, and as a result we expect to return to low single digit percentage growth next year, before getting back to our normal target of mid-single digit in 2023 and beyond.

For many advisor firms, there are significant benefits of being part of a wider advice focused business such as Quilter. The disruption and global uncertainty in the last 18 months, as well as increasing regulatory demands, have really

enhanced the attraction of our proposition to our chosen target markets. With strong competition for advisors, having a simple, quality proposition to attract the best advisors is key to success. So, we've simplified our model, and we've now got two distinct offerings as part of our proposition. First, we can offer a home to advisors who simply want to focus on being advisors. They can do that as being part of Quilter, delivering consistency of Quilter brand, platform and investment solutions, with the heavy lifting of running a business done for them. And the unique opportunity in the marketplace of qualified, quality leads being appointed for them through our 26 affinity relationships. Secondly, we can also offer a home to those who wish to grow their own advisor firms in partnership with us. They use our technology, compliance services and investment propositions where appropriate, but they continue to trade under their own brand. That's a real differentiator. Our peers generally only have one of these options available, and even fewer can match that as part of a fully integrated model, backed by the strength of a FTSE listed PLC.

In addition to our reenergised organic recruitment, our other source of recruitment is of course our own financial advisor school. Now, we're not only increasing its throughput now, but also how we support graduates as they embark on a career in advice with us. The school did a fantastic job last year of moving learning online, and we were delighted to continue to therefore welcome newly graduated advisors to Quilter. In the past, the school supported training for the profession as a whole, but we've repurposed it now to train advisors exclusively for our own Quilter advice channel and firms. Appointing these qualified advisors though is only part of the challenge. Making new advisors productive quickly is also key, and here we've really sharpened our focus. Our ability to generate leads through our affinity relationships, combined now with the client banks available through our national retirement plan, means that we can support new advisors, and help them to grow their books of business and their productivity quickly. As we've said previously, we continue to see graduates from the school as an important element in the growth of our advisor numbers, but now we expect them to land only with us and become more productive more rapidly as they mature in their roles. So, having built the solid foundations, we're now refocusing our efforts on growing advisor population again, and as a result we expect that return to mid-single digit net annual increases through the cycle. Solid organic growth is familiar territory for this business. Before we embarked on a period of acquisitions, the business was known for its consistent level of net organic recruitment, and that's simply what we're getting back to now.

Whilst growing advisor numbers is understandably a focus for all, I want to turn to productivity more broadly, and why I am so focused on this in particular. We see significant opportunity to generate more flow from our existing population. As you'd expect, there are differing levels of usage of the Quilter platform across our existing advisors. At one end of the spectrum, we've got firms who are almost exclusive user of our platform, and at the other end there are a number of lighter users. At the moment, we've got about 80 percent of firms making good or reasonable use of the platform, and that percentage has been increasing throughout a series of tactical initiatives, where we've been working closely with firms during the course of the year. Alongside this, a cohort of around 300 of our own branded advisors moved to solely offering the Quilter platform during the first half of this year. And we are already starting to see the real benefits of this

focus coming through in our flows. We do inevitably have those who are lighter users of the platform, but these are now in the minority, and they tend to be longstanding firms, who are often already strong supporters of our investment solutions. So, they're still crucial to us, but we do regard them as an opportunity, potential switchers, if you like. And we are focused on encouraging them, where it makes sense for the client, winning hearts and minds with individual engagement plans in place for each firm. But the proportion of new client flows reaching our platform has now grown to around 80 percent, and that percentage has been steadily increasing since the platform became available to them post-migration last year, and our engagement programme began in earnest. But of course, we're not going to rest on our laurels and we'll keep looking for more.

However, increasing generation of new flows is only part of the agenda, as far as I'm concerned. We also want to access greater flows from what we call our back book opportunity. These are assets managed by our advisors, but which are currently administered on other platforms. We're working with advisors to migrate their clients, where appropriate, to our quality assured platform and investment solutions. As you'd expect, we're handling this sensitively, and any such moves must align with customer interest. The chart here identifies the opportunity, so let me walk you through it. On the left, we estimate that our advisor firms currently advise on around 27 billion of client assets. Of those assets, around five billion are in products that are simply not readily transferable, like annuities or where there may be excessive capital gains tax costs to transfer. Of the remaining 22 billion, 11 billion is already on the Quilter platform, so that leaves about 11 billion on other platforms. Now, about five billion of this is already invested in Quilter investment solutions, generally in our Cirilium solutions, so we're already benefiting from the economics there. That means the opportunity we're initially focused on is around that remaining six billion of assets shown here in light green. These aren't currently touching Quilter at all. Now, the pool of assets that will be economic to transfer will be below that total figure for a variety of reasons. For some, the cases will simply be too small to be meaningful for the advisor to consider. But there is a meaningful opportunity here. And bluntly, now that we've exited those advisors who were dragging our time and resources, we've had the ability to focus in this area. We've embarked on a detailed analysis, which has highlighted where the true opportunities lie, on a firm by firm basis. We've engaged our field teams and our business consultancy experts to work with those firms, to understand the benefits for them both in the short term and the longer term. And most importantly, ultimately for their clients. Now, as a financial planning business, we do believe this is a complex area that requires full advice, not simply a direct offer, and that customers should be left in a fully informed position. The majority of any switches therefore are likely to be part of a regular advice review, where the client's best interest is always paramount. But to aid our advisors, we're in the process of delivering a substantially revised, technology enabled review process, and alongside this, we've significantly revised the advice process itself, including the documentation created by advisors and received by clients having been completely reworked. These two elements align to make it easier for the advisors to provide their clients the benefits of our new platform.

So, in closing from me, I've known this advice business from afar as a competitor for many years. I've worked closely with it in the past as I migrated advisors to it as part of a restructure I was leading elsewhere, and I've always admired and seen

its potential. I'm really confident that the changes we've put in place over the last year have now positioned us really well to fulfil that potential at last, and I'm for one really excited about us being able to now get back to our growth agenda. So, I'll be back at the end to answer any questions, but for now, let me hand back to Steven to talk about our plans for the IFA channel and our broader growth plans.

Steven Levin: Thank you, Steve. So, now let me turn to the second advice channel, namely the IFAs. So, as Paul said earlier, this is Quilter's original core business. Our model is unique here in that it has an ability to capture different types of advisor businesses and deepen our relationships with these firms as they grow. As you know, advisors are very entrepreneurial, and we offer them a number of different ways of engaging with us. Our focus is to become the primary platform provider for IFA firms, as this gives us the greatest share of their wallet. We offer a range of services, support and models to help advisors provide the best client experience for how they choose to run their business. The staircase on this graph illustrates this. So, at the base, we may simply provide platform services for an IFA firm, a typical transactional relationship. The next step up is where advisors embed our platform in their core business, and we develop a much more strategic relationship. In the middle, IFA firms use Quilter as their centralised investment provider, making use of, for example, WealthSelect as a core part of their proposition. And this is particularly important to us because it ties an IFA firm more tightly. They're less likely to leave for a competitor platform if a large proportion of their client assets are in our solutions. And then at the top, we offer full services, including investment propositions, branding, marketing support and regulatory compliance, a full partnership, where they can become a Quilter advice firm. So, because we manage our own advice channel, we understand advice businesses and what makes a great client experience, and that is something that advisors value from us.

So, let's talk to the opportunities that we actually see to build out and grow in the IFA space. Given our scale, our new business focus is on large IFA firms that can really move the dial for us in terms of flows. This slide shows the advisor universe and how we see the market opportunity. On the vertical axis, we show the annual net flows of each of the firms in different cohorts. And on the horizontal axis, we show our share of wallet in those cohorts. I'm going to start on the bottom right, in the retain bubble. Advisors in this bubble are modestly sized firms where we are their dominant platform. Our task here is to continue to service them well, and we ensure that we retain our very strong position. There's still opportunities in the segment as these firms grow, as they acquire new advisors, as they broaden their proposition with us, for example using our investment solutions. Next, the deepen bubble. These are our large existing supporters, firms with substantial flows, where we've already got good market share. Typically, we're their primary or their secondary platform. Our task here is to deepen our relationship, to grow our share of wallet over time. This is actually where most of the increased flows we've seen this year have come from, as we've worked very closely with these firms to bring them safely through our platform migration. We are seeing a trend of advisors who are using multiple platforms reducing down, say, from four to two platforms, to simplify their own business model and their due diligence. And with the breadth of products and the features that our platform now brings, we're actually winning in this space.

And finally, the broaden bubble at the top left. These are the large firms, where they have substantial flows, but Quilter has little or no relationship at present. Our task here is to use the power of our new platform to build relationships and capture a meaningful share of the business from these IFAs. Many advisor firms are curious about what our new platform offers. They're impressed with the ease of navigation, the breadth and the quality of the products we offer, and some of the unique features that we have, like how we manage cash and our family linking proposition. We've also got opportunities with firms who run their own money and can utilise our DIM hub to manage their own discretionary portfolios. The feedback we get from these firms is that the ease of managing portfolios, as well as our reporting, is attracting firms to move to us. Developing these new relationships is something that we will really start to ramp up in 2022. We run a very detailed segmentation model, firm by firm, that sits behind all of this. So, this isn't just a picture. This is actually how we manage our distribution teams.

So, that's how we intend to grow in the IFA market, but as Steve said, we also see an opportunity to grow our business in new ways, so let me turn to that. There are over 12 million savers who cannot or who do not access traditional face to face advice in the UK, yet with the complexity of UK pensions and the responsibility for providing a secure retirement being pushed more and more to individuals, the need for help and advice is increasing. This is the advice gap we've talked about. These savers are typically younger than our average client and they have more modest investment pools, however they have much longer accumulation stages ahead of them. Some of them don't want face to face advice, and they'd rather engage digitally. And for this reason, we're looking to build out a hybrid digital focused advice channel. To do this, we're going to be scaling up the telephone advisories capacity that we've already got within the Quilter channel, and we'll be adding digital engagement tools to this. We'll be piloting in the first half of 2022, and when we've got the formula right, we will scale this up rapidly. This service will allow us to leverage the affinity client relationships that Paul has talked about and Steve's talked about earlier, and it's one of the main reasons why we acquired Lighthouse. Those relationships currently generate around 9,000 warm customer leads on an annual basis, and this figure can be scaled up once we've got the infrastructure to manage higher volumes.

But of course, it isn't just new clients who want digital options. Our established clients actually want them too. So, we're innovating as customer preferences change. The traditional model for an advice firm is the one on the left. So, looking at a few personas, Andrea there values face to face advice and reviews. But we know that some clients prefer a hybrid approach, for example, when they're time poor, such as Ben, or when customers are confident to manage a portion of their portfolio themselves. And as client preferences change, we'll provide digital solutions to meet these preferences. This might include advice and guidance for clients with simpler needs and smaller portfolios, so for example Claire and her brother on the right-hand side of that slide. So, we want to ensure that we've got the service channel options for clients that are based on their needs and their preferences, and we know that we can leverage our advice business and our platform business to do exactly this. So, as you can see, we think there's plenty of opportunity in advice.

Now let me turn to our platform. So, I've already touched on this a bit, but this slide gives you a perspective of the scale of our platform. Overall, our new platform administers £71 billion of assets and provides the tax wrappers and the broader services for around 450,000 clients. Around £11 billion of these assets, or 15 percent, are originated by Quilter advisors, and around £60 billion are originated by third party IFAs. Our platform then offers Quilter and third party investment funds managed portfolios and discretionary services. So, of that same £71 billion, if we look at how it is invested, £15 billion of that is managed by Quilter, another £51 billion is held in 3,000 funds, managed by about 220 different fund managers, and finally £5 billion is in discretionary fund management arrangements, including Quilter Cheviot.

Now let me turn to what is special about our platform. There are three ways in which we believe that our platform is helping advisors run successful businesses, and on this slide I've actually listed nine ways why we believe – nine reasons why it's the best in class proposition. So, our platform is designed to help advisors offer exceptional service to their clients. The introduction of a junior ISA and a flexi ISA means that we can serve a wider range of customers and help advisors deliver intergenerational advice. We use our scale to deliver excellent value for customers. For example, 75 percent of the funds on our platform are at the best available price in the market compared to just over 60 percent for our nearest competitor. The flexibility for clients wanting to take an income on our platform is market leading. We've got an award winning retirement account, with the most comprehensive set of income options available in the market. Next, our platform is designed to help advisors build efficient and scalable businesses. Our new platform is already renowned for its intuitive user experience, and we've got more digital processes to help advisor teams carry out their business more quickly and efficiently. We've introduced a unique automated cash management service, which enables advisors to focus on giving advice rather than monitoring client cash balances on the platform. Our market leading Uscan report has already been improved by adding money weighted returns to it, and our WealthSelect quarterly reports continue to be some of the best out there. And finally, our platform is set up to be a growth engine for advisors. So, whether an advisor wants to use a solution like WealthSelect, or wants to run their own model portfolios, or outsource to DFMs, our platform does all of this exceptionally well. Our improved straight through processing is helping advisors consolidate the client assets. For example, our platform now has an integrated transfer service, which is reducing pension transfer times. And lastly, our comprehensive family linking option is fast becoming a key driver of growth in this market.

But don't just rely on what I have to say about this. We've got a few words from a couple of IFA users of the platform to give you a sense of how they have received it.

VT - "Well, I've used the previous platform for some time. It was one of the first things that we picked up when we set the business up, so, you know, in comparison to the old platform, I certainly think the new platform is cleaner. It's intuitive, and it's got, you know, I think, a good structure to it, which flows nicely. It's about familiarity with these platforms, I feel, so inevitably, when you change to a new

platform, a new layout, there's a little bit of adjustment needed. But I think initially, having, you know, got through that period, very, very happy with it.

So, Quilter's new platform is definitely ahead of most of its peers in terms of – you know, it's got the latest functionality, the latest features. It's much slicker, more modern. For example, one of my clients is buying a house next month and she needs to get the money out of her ISA, and with Nutmeg, she was going to take it out and buy the house, but we moved her over to Quilter, and with the new flexi ISA functionality, she can take the money out and pay it back in the same tax year when she gets her bonus later on. So, she's now a Quilter client for that reason, and that's just a function of having the latest technology underlying the platform.

I think, when you're dealing with a client, you look at sitting their business somewhere, you clearly have a role in placing their business with the right organisation, and that could be for a number of reasons. We might be looking at investment solutions, so we might want to access certain solutions which perhaps, you know, aren't available outside of Quilter. We might be looking at client linking. That might be a telling factor, because there's a family connection. I think the DFM hub is powerful now, and it permits you to have a collection, if you like, of different offerings within the same client wrapper, which of course was never the case on the old platform. So, I have to say, that's been a bit of a game changer. So, I think, you know, every case on its merits, but when you're looking at what you can do in terms of trying to keep costs down and trying to improve client diversification, whatever it might be, you know, it's out there ahead of probably the competition, I feel.

So, the new platform's got all the latest bells and whistles, because obviously it's built on the latest technology. One example that's been helping us is this concept of family linking. So, this is where you can link together different members of your family into one group. They are then agglomerated, so that they all benefit from a lower charge. It's another benefit of sort of vertical integration that exists on the Quilter platform, and not on many other platforms. For example, I think I'm linked to six other people, from my brother-in-law to my mother to my kids to my wife, and we all benefit from a shared charge. And that obviously encourages those clients to, you know, bring their family members into my business and onto the Quilter platform, which is obviously a benefit for me as well as Quilter, and of course for the clients as well, so I think everyone wins.

Steven Levin: Thank you. And for those of you here today who actually want to have a play with the platform, there will be a demonstration in the breakout area during the coffee break, so you can actually go and have a look, and do things on our platform. So, earlier, Paul talked about Quilter being at an inflection point, and you can really see that on this slide over here. So, while it's still early days, obviously, for our new platform, we've been delighted with the reaction from both our own Quilter advisors and from independent advisors. It's clearly driving stronger flows, and you can see the sharp increase in both gross and net flows in the first nine months of the year. So, nine month year to date gross flows in the middle are up 58 percent and at their highest level since 2017. Yes, we know that some of that is market driven, and it is off a low base, but we do know also that we have gained market share in the first half, from published industry data. If we look at net flows, they're up 142 percent, and what I'm really pleased about is that, given the trend

in the last few years, it's been a resurgence in IFA flows in particular that have driven this big increase in net flows. This pick up in the IFA channel flows is almost entirely because we've been doing more business with firms, which we've already got a strong relationship with. As I said earlier, we haven't really started promoting the platform to new IFA firms yet, so there's clearly more to come.

We've now covered the platforms, so now I'd like to turn to the final part of the affluent segment, which is our investment solutions business. In terms of our investment solutions, we offer two flavours, a multi-asset fund of fund solution, the Cirilium range, and this has been designed from the ground up for our own advisors. And then we've also got WealthSelect, which is a managed portfolio service, which has historically been targeted at the IFA market, and we've recently opened that up to our own advisors too. This chart echoes a similar one to the one that Paul showed you earlier, to show that we can tailor our solutions to meet our client needs and preferences at differing price points. So, the Cirilium Active multi-asset fund range is for clients who want the full benefits of an actively managed fund and can invest in the widest possible range of vehicles, including private equity and investment trusts, for example. In the middle, we've got WealthSelect as a managed portfolio service, as well as Cirilium Blend and our income solutions, and those are for clients looking for an actively managed portfolio, but are willing to accept a more limited investment scope as a trade-off for a lower total cost. And finally, for investors who are principally cost-conscious, we offer WealthSelect Blend and Cirilium Passive solutions.

As you can see on the next slide, we have achieved very healthy growth over the last few years and, barring a dip in late 2019 and early 2020 for Cirilium Active, our investment performance has been consistently strong on both a short and a long-term basis. You can see the strong growth that we've seen in both our core propositions, being Cirilium and WealthSelect, although overall growth has been held back a little bit by the decline of some of our non-core run-off portfolios, which Mark is going to cover later. So now, I'd like to turn to ESG, and as Paul said earlier, we look at this across all three parts of our segment: advice, platform, and solutions.

Can we go on to the next slide? Thank you. Our intention is to embed ESG into each stage of the customer journey. As you know, advisors have already got tools to assess the attitude to risk for a customer, and what we're going to do is now give them similar tools and the right training to assess a customer's preferences on ESG investing. Across our platform, advisors will be able to see which funds have got good ESG ratings and then use this in their selection of investments for their clients.

And finally, we will be expanding our offering to include ESG versions of our MPS and our fund-of-funds solutions to complete our suite of products. We think that this integrated approach is something that will differentiate us as a company and provide a service that we really believe will be valued by customers and advisors. It is about bringing it all together. But as well as targeting our advisors, we want to do more for the firms that already use our platform, and the new platform gives a very flexible foundation from which we can continue to innovate, so I want to just spend a moment on that. We've already added powerful features which you can see on the left of the slide, and I've talked about a lot of them already. Next,

we intend to launch WealthSelect plus in the first half of 2022. This will include a broader range of ESG offerings and mass personalisation features, so a lot of what I talked about in the previous slide.

Looking further ahead, we're planning to expand the range of our propositions. I have already talked about our hybrid advice plans. We also recognise that the world is moving to a mobile-first strategy, and so digital integration is high up on my priority list. We will be launching an affluent Quilter mobile app in 2022, and this will enable customers to engage even more closely with us and their investments directly on their mobile devices. And finally, we will be enabling the colleagues in our high net worth segment to put their bespoke solutions onto our platform in our pensions wrapper. This has a double benefit. First, our high net worth segment will be able to do something inhouse that they previously have outsourced, and advisors who use our platform will be able to access Quilter Cheviot's bespoke discretionary portfolios via our pension wrappers.

So, in conclusion, then, before we open up for questions, I hope you can sense our excitement about the opportunities that we see ahead of us. By moving from three businesses to a single customer segment, we are placing the customer right at the centre of what we do, and our propositions will be much better aligned to be able to deliver an integrated customer experience. As you can see from our third quarter flows, we've already established great early momentum, and we're only just getting started. There's a huge opportunity within this segment to deliver our top-line aspirations and to become more efficient while we're doing so. And so, with that, Paul, Steve and myself, we're happy to answer questions.

Paul Feeney: Okay, thanks, everybody. We're going to have a short Q&A session now. We're going to have a fuller Q&A session at the end of all the presentations, but we just thought to break it up, we might give you an opportunity, particularly to Steven and Steve or me, any questions you might have at this stage, either in the room or the web. So, Andy.

Andy Sinclair: Thanks. It's Andy Sinclair from Bank of America. Three from me, as usual. First couple on advisor recruitment, it feels to me it's a pretty good time to be recruiting at the moment. We've got quite a lot of disruption in different ways: Nucleus, James Hay, Sandringham, and a few others. So, really just wondering why low single-digit growth next year? Why not more, if these opportunities are there? Is there still some cutting going on? That's question one. Second question is still on advisor recruitment. If I look at it, you've got advisors graduating from the school, as well, so keen to get a few numbers around that, and if I look at, say, 5% growth of Quilter Financial Planners, we'd be about 80 net growth next year, and you're saying low single-digit net year. So if I knock off the school graduates, as well, it doesn't feel like much experienced recruitment, so just trying to understand the bits and pieces within that number. And third, I'm not sure if you mentioned that you're going to say more about this later, it was just on Quilter Investors flows, just trying to understand how much is run-off and what should we look at as the proportion over time of platform flows that can go into Quilter Investors? So, Q3 how much was run-off?

Paul Feeney: Okay, thanks, Andy. Well, I'm just going to say something very quickly about the first one, then I'm going to pass to Steve, and then I'll ask Steven to answer the

final one. Advisor recruitment, we don't – obviously, recruit an advisor and they join you. Yeah, they may join you, but they're not allowed to actually advise and sell for several months until they've gone through your process. So if we're starting now in getting back to recruitment now, properly, it's going to take a little while for those advisors to actually land, because this year, even though we have had advisors joining, it wasn't really about recruitment this year. It was about getting a huge new platform in and turning the ship and our huge advisor force to our new propositions. Now, we're getting back to advisor growth. So there's a lag which will – but do you want to –

Stephen Gazard: Yeah, absolutely. So, I mean, I think there is inevitably a lag, as Paul says, from the point at which you reengage recruitment and add resources back into that space. I agree. I think it's a great time for recruitment at the moment. Reality is, we are being incredibly selective as to the advisors that we bring in, both in terms of quality and productivity, because we don't want to go through the same cycle again. So yeah, reality is that we do see the opportunity there and we'll continue to grow in that space.

Paul Feeney: In terms of the graduation from the school, I mean, we expect about 100 grads per year from our advisor school. Of course, we have advisors coming in. we have natural, normal attrition of usually advisors, some of them retiring, and that gives you your net – so we're talking about a net figure, obviously, that were in terms of mid-digit growth. So the question from Andy there was –

Stephen Gazard: Yeah, and Andy, again, the reality there is that the advisor school remains key for us. I think making the advisors productive and being, again, really selective on which advisors graduate and where they go in the business is really key for us. You know, we're supporting our own advisor firms, but also the Quilter Financial Advice business itself, and reality is that we've got to be clear in making them productive quickly is key to that, but we'll continue to grow that and it's a key aspect for us, without a shadow of a doubt.

Paul Feeney: And then, QI flows, do you want to –

Steven Levin: Yeah, so we have got more detail on that later. In terms of one offs, so we have the flow coming through from both the Quilter channel and the IFA channel actually continues to be strong. We have had something, so during the quarter, there was a rebalance of WealthSelect. Not all of WealthSelect's investments are sub-advised by us. The vast majority are, but there are some funds that the manager uses which are not so advised, and so rebalance like that does cause some money to go out of AuM, when actually we launch our next iteration of WealthSelect, all the assets will be wrapped in our own structures, so that will change. So, that was a couple of hundred million over the quarter, but the long-term trend and the flows from both of our channels remains strong and we look to continue to grow that.

Andy Sinclair: Thank you.

Paul Feeney: So, to Ben first, and then we'll go to Gurjit.

Ben Bathurst: Thank you. It's Ben Bathurst from RBC. I've got three questions, please. I'll start with, on your plans around the advice gap, can you confirm that it is not your intention to enter the D2C, because I think there's been some reference to that made in the past? And then, also just what's your ideas around branding in that hybrid model space? Because I'd have maybe a slight concern that there may be a danger that you undermine the branding for the high net worth customers if you're using the Quilter name in that hybrid space. Then, just a couple of questions on advisor numbers. So should we have any concerns that the low single-digit advisor growth you're now pointing to to next year and the departures that we've seen this year, that might prove to be a headwind for the Group's 6% NCCF growth in 2022? And then, maybe just a final one on advisors, what's the difference between the lighter users that you reference on Slide 33 and the lower productivity advisors, the likes of which we've seen exit the Group over the course of the last year or so? Should we be concerned that that 20% might be the next swathe of advisors that we see depart? Thank you.

Paul Feeney: Okay, I think you got four in there, Ben.

Ben Bathurst: Sorry.

Paul Feeney: I'll just say quickly about D2C. We have a huge opportunity in the advice market, huge opportunity. We've spent a lot of money getting our brand new platform in successfully. We have to – our top priorities are to really maximise our potential in the advice market. Even though clearly, the new platform gives us optionality down the road, quite frankly, it's not our priority. Our priority is the advice market and really leveraging the opportunity in advice market. I think branding in the hybrid – don't forget, the hybrid model also will provide to our advisors. A lot of them have got clients that – you know, there are clients which are not as economic to serve on a face-to-face basis. So, we don't envisage a different branding model here. You know, we've always said at Quilter, wealth management is not just for the wealthy, and I think that's true. I know I'm going through these (inaudible 1:20:08). Advisor numbers are not going to affect our ability to hit our 6% target. We're very confident we'll hit our 6% target. And, in terms of the lighter users, there's still about 50% use of our –

Stephen Gazard: Yeah, there isn't necessarily a correlation between those two figures. So, the lower productivity of advisors is a kind of gross productivity piece, where they simply weren't writing any business, as it were. The lighter users of our platform are generically highly productive advisors, longstanding advisors who are good supporters of our Cirilium Active, for example, but just historically have used alternative platforms. Now that our own platform is on stream already, that's where the engagement programme's kicking in to move those across.

Ben Bathurst: Okay, thanks.

Paul Feeney: Gurjit?

Gurjit Kambo: Hi, thank you. It's Gurjit Kambo, JPMorgan. Just in terms of page 37, I think you talk about the larger IFAs where you see there's an opportunity, and I think a lot of that is not coming to you. Where is that going? You know, which other firms are winning that business?

Paul Feeney: Steven?

Steven Levin: Yeah. Well, I mean, you can see that from flows across the industry, there are other big platforms out there. We do see that there are some advisors who are looking for a lot of functionality, and then there are other advisors who are looking for the cheapest possible platform. So there is a little bit of a bifurcation of some of what advisor firms are looking for. We have actually seen – and we position ourselves as a quality platform alongside some of our peers in the industry. We have seen some advisors who are moving, actually, from platforms that maybe have less functionality and cost a bit less, they're actually realising that actually is not – you know, you get what you pay for. And so, we have seen advisors coming to us from that space. Other advisors in a lot of that segment – and the reason why we haven’t been able to play in that segment historically – well, there were two reasons. One is because most of the advisors in those larger advisor firms, they use their own models, and so our old platform didn’t have the functionality to run discretionary models in a strong way. I've talked about (inaudible 1:22:25), which is a significant part of the upgrade to our new platform, so that is how we're targeting many of those advisor firms. And the other thing is, you know, historically, those advisors, they didn’t want to move to us while we had a migration coming. You know, that was a sort of, well, why would you do that? Because there have been challenges in migrations in other parts of the industry. That’s now all behind us.

Obviously, those advisors are using other firms, and our role is to go and win them over. We know it's going to take time. We've seen, you know, we've definitely got good opportunities and I think Andy mentioned there is turmoil in other parts of the industry. There are other platforms going through things. So those are the opportunities that we leverage off, but it's not going to be an overnight thing. That part will take a longer time. That’s why we've seen most of the growth come in in the deepens part at the moment, which is where we've already got good relationships, that we expect they will move on to that broaden segment in the course of next year and the years thereafter.

Gurjit Kambo: Just a couple of other questions. One on ESG, how do you rate your own funds? Do you use an external vendor?

Paul Feeney: Yeah.

Gurjit Kambo: And when you look at the other 3,000 funds that you offer, do you rely on the ESG credentials that they give you or do you also do your own…

Paul Feeney: Yes.

Gurjit Kambo: …due diligence on that? So, that’s just on ESG. And then, finally, you have over 220 fund managers that you provide products from. Do you need to have such a broad fund management universe or can you narrow that down, maybe to get better pricing for your clients?

Paul Feeney: Okay, so I'll go ahead. We use third party fund raters such as Sustainalytics, Square Mile, Morningstar.

Steven Levin: Yeah, that's right. So, for the first thing, we use – our platform shows the Morningstar ratings of all ESG funds on our platform, so you can filter in our fund tools and things like that. That's the ratings that we use. Going forward, we are looking to do even more so that we can show drill-downs into some more of the sub-numbers, like carbon outputs and all sorts of things like that. So that's where we're going with our platform. In terms of the rating agency we use, I mentioned Morningstar. We also use Square Mile for rating some of our own funds, and they come in and do a process because it's not just what the rating is. It's actually some more of the subjective comments that we look to use, how we can go further and evolve our business. In terms of the numbers of fund groups, we don't have the biggest number of funds on our platform compared to other platforms that have more funds.

Our role is not to, well, let's add every fund that's out there, but we do add funds based on advisor demand. So it is having a balance of making sure you've got the right number of funds, and we believe that we do. As advisors who want to use discretionary models, if they want to use a discretionary model and you don't have one of the funds that we have in their model of 20 different fund managers, they could reach the point where they say, well, actually, I can't use your platform because I'm not changing my model just for you, and I've got clients across multiple platforms that want the same model. So, that is important to make sure your fund range is right. We do already have significant purchasing power, so I don't think trying to reduce the number of fund managers – as I said, we've got the most – we've got 75% of the funds on our platform with the cheapest price on any platform in the market which is higher than anyone else, so I think we used our purchasing power already and continue to do that.

Paul Feeney: Alan?

Alan Devlin: Thanks. Alan Devlin from Goldman Sachs. I've got a couple of questions, first of all on your strategic and your doubling of earnings target. I'm assuming that's all organic growth.

Paul Feeney: Yeah.

Alan Devlin: Given Andy's comments on the turmoil in the industry, do you foresee much more consolidation in the industry, and do you think Quilter could opportunistically play in that consolidation? And then, second question is just a follow-up from Ben's question on the D2C opportunity. I may have missed the answer, but why have you not been in the D2C channel and do you expect to go into that at some point? I would have thought the hybrid advisor, it's easier to upsell one-off advice to D2C clients as opposed to downgrade the advice. Just on that, the hybrid offering, do you think those people like Ben and Claire and Claire's brother, are they going to pay your one-off fees when they do get financial advice or do you expect them to pay, kind of, ongoing financial advice fees?

Paul Feeney: Okay. Again, four. Well done, Alan. So, more than doubling of earnings does not include acquisitions. Consolidation, yeah, we're seeing a lot of consolidation in the industry. We're seeing it right across the value chain now. We have built a scale business in all parts of the value chain, so we do not need to do that. I'm sure we

will get back at some point to some more infill, smaller acquisitions on the advice side. I see that as normal business as usual, but we don't need to do any major acquisitions to get to where we need to get to now. It's all about predominantly virtually organic growth.

Why not D2C? Look, I think we've talked about hybrid advice. The first priority is winning in the advice market, and we have got that in our DNA. We know how to do it, whether it's face-to-face, hybrid, digital. That's our first priority. I always ask myself, why would we win? Before we get into any market. You look at it and you think, well, it's a great big market. I always say, why would we win? And until we see why we would win, we won't enter that market, okay? It's the difference between giving advisors, clients options to self-serve on some things and giving the advisors the ability to give those clients those options. Of course, that's day-to-day stuff, but to really go head-to-head, the question is why would we win? So, we would – you know, we've got the technology to do it now, but that's not the same as why would we win. So, we will focus right now on the advice side, and we'll keep looking at that market. And then, hybrid, in terms of how we're going to – how are you going to charge for it?

Steven Levin: We are working through how we're going to charge for it. We can charge in different ways, but I'm not going to tell you now what our charging basis is. We will be launching that later.

Alan Devlin: And can I just follow up on the – I think Claire's brother was on a self-service enabled platform. Is that just D2C quietly or (inaudible 1:28:43) in terms of the D2C channel?

Steven Levin: Let me just build on that. So, what we are finding is advisors are asking us how they can serve a child of a client. In that case, it was a brother. I want to be able to put an ISA contribution in, or my son wants to be able to do an ISA. And actually, what advisors are asking us to do is to say, can you enable that there's a simple journey that I can send – it's not a D2C. We're not going to go up there and offer that as attracting customers ourselves, but advisors are asking us to support to get customers in that way. In many ways, they see that as incubating those customers for as they grow in future, and as we've talked, we are very focused on family wealth management. Family linking is a big thing for us, so we want to be able to help advisors manage the wealth of the whole family, and that may start out with the small ISA for someone, which actually, we're trying to find ways to enable them to do in a more digital process easier, but that can grow as family wealth and as you have inheritance, etc., etc.

Alan Devlin: Okay, thanks.

Paul Feeney: So, the gentleman –

David McCann: Morning. It's David McCann from Numis. Just two from me to try and balance things out, but yeah, the first one is on – you obviously talked about increasing the number of financial advisors, again particularly in the future years, and I think we all know, when looked at on a standalone basis, that business is less profitable than other parts of the Group. So, to what extent would that drag on the profit margin and is this factored into your guidance for the 25% and 30% operating

margin? Presumably yes, but if you could just confirm that, that would be great. And then, just more of a technical question, really, around the new disclosure you've given around the two new segments. Are you still going to report the Quilter Investors, Cheviot and platform, AuM and flows within those new segments, or is that the kind of disclosure that goes into – just goes completely and we just see this new disclosure? Thanks.

Paul Feeney: Hi, David. I didn't recognise you in your new jumper there. Basically, it's all factored in, as you'd expect. We couldn't say this and not make sure it's factored in. It's not really a drag, quite frankly. We've got the technology already. I mean, the big thing in that is the technology base to offer that. So, yeah, it's all factored in. In terms of disclosure, I'm going to ask Mark, actually, to –

Mark Satchel: David, if you look at Slide 88 in the appendices, you can actually see there the different split by what you would have more traditionally seen within Quilter Investors within the platform, etc. So, we will carry on providing that, so you can actually see those components.

David McCann: Thank you.

Paul Feeney: Any further questions? Oh, Greg.

Greg Simpson: Hi, Greg Simpson from Exane BNP. Just a few at the end, if that's possible. The first one, just on demographics in the advisor market in general. I think there's been a few expectations that there's going to be more advisors leaving the market or retiring over the coming years, so could you provide some colour as to what you're seeing, both for the IFA industry and Quilter's own advice network, in terms of that dynamic? Second one was just on the mix between self-employed and employed advisers at Quilter. Is there a change there? Does that have any kind of implications on the profitability? Then, just lastly, on platform fees, you laid out the strong case for why the new platform has a lot more capability. How do you think you stack up in terms of pricing and the outlook around platform fees going forwards?

Paul Feeney: Okay, thanks, Greg. So, the first one was demographics, in terms of financial advisors leaving the market. Secondly, mix of self-employed versus employed, and finally, platform fees. So, Steve, do you want to talk about the advisor market?

Stephen Gazard: Yeah, absolutely. I mean, it's one of the perennial challenges. Advisors seem to be the Peter Pan of the world, really. The average age of an advisor in the industry has been 56 ever since I joined, so I'm not quite sure what happens when they reach that age, but our average age within our own advice channel is lower than that, so it's late 40s. But we've definitely seen the pandemic impact, so we have seen that feed into our exit numbers, as some more mature advisors have kind of taken the decision to exit. Actually, that's not necessarily a bad thing for us, so that combined in our financial advisor school aspect means that we can bring the next generation on to serve their clients through that process, so I'm not adverse to that. That's all factored in, but actually, our average age within the advice channel is lower than the market average.

Paul Feeney: Mix of self-employed versus employed?

Stephen Gazard: Yeah, so we moved predominantly to a self-employed model in the Quilter advice channel, more driven by methodology rather than cost, to be fair. You know, advisors tend to be entrepreneurial by nature and self-driven, so we found that that's a model that's worked better for us as an advice business over the years, so predominantly self-employed now.

Paul Feeney: Yeah, of course, and on the high net worth side, we have an employed model, which Andy's going to talk about after the break, which of course, a lot of the higher portfolio values and everything there, that's a lot where we've acquired firms, then that makes more sense. So we have an employed model at the higher value level. We have a self-employed level in the affluent business. And then, finally, platform fees, how do we stack up in pricing?

Steven Levin: So, as I said, we look at the market at the platforms that we believe are more of the premium offerings that offer extensive tools and capabilities and support for advisors, and we think our pricing is very competitive within that space. We don't want to be the cheapest platform, because we believe we offer a whole lot more value, but we believe that the fees and the pricing that we offer is very good value. We have guided and we continue to guide that we expect platform margins will come down by about a basis point per annum, and we expect that will continue.

Paul Feeney: Have we anything from the web?

John-Paul Crutchley: A question on the lines, I think, on the telephone, and then there's two on the web afterwards.

Telephone operator: Our question on the telephone lines comes from the line of Nicholas Herman of Citigroup. Please go ahead.

Nicholas Herman: Yes, good morning. Thank you for taking my question. Can you hear me okay?

Paul Feeney: Yes, we can hear you.

Nicholas Herman: Great, thanks. Three from me, please. First two for the two Steve's. I think about, if I look at slides 33-36, on the Quilter channel, how do you think what the percentage of that 6 billion back book opportunity should be captured under your plan? And, similarly, it looks like on page 36, you've got a 10% share in aggregate of IFA flows. Again, have you thought about what share your targets reflect you achieving? I'd be interested there. And then, the third question is, you're new platform appears to be industry leading and puts you at the front, by contrast, when I hear you talk about digital firsts, mobile app, ESG fair enough, have you seen these things are really helping you to get ahead of the pack, rather than simply keeping pace? I'd just be interested to hear your thoughts around that. Thank you.

Paul Feeney: Thanks, Nicholas. I think the main question is about, are we going to be capturing market share? It depends a little bit on how fast the market grows, but we do expect, and in our plans, we generally do expect to be capturing market share, and we can tell you that in terms of the figures we've got in our platform marking the first half of the year, we have taken market share. So we set out to show that

the market, you know, if you – within market, we expect to be growing at a certain level, at around somewhere between mid-5%, 6%, up to 10% growth. That's what we showed over the next five years, and if you look at what we expect, we've put out already a 6% net growth target in flows starting next year, which we're pretty close to next year now, plus also some market growth which is included in the figures for the industry. So we'll be at high single digits, maybe low double-digit growth if we're hitting that, so we would expect to be taking market share if we're at that level. Do you want to add anything to that, Steven?

Steven Levin: So, you know, we have gained market share this year. I mentioned our market share is actually up on a gross basis by about 2% and on a net basis, probably by about 3% in the market share data that we've seen for H1. Where we see – so, you referred to the 10%-ish number on that graph. I think that, in the past, our market share has been higher and we would want to get several more percentage points up. I don't think we must be unrealistic and say we're going to double our market share or anything like that, but we would expect to be gaining several percentage points in market share over the next few years.

Paul Feeney: Yeah, and in terms of mobile app and –

Steven Levin: Oh yes, in terms of mobile app. The essential question, is it going to put us ahead of everyone or keep pace? Well, at the moment, there are very few people who have some of the capabilities that we're talking about, but I think we can't be naïve and assume that no one else will be working on these things. So I think the reality is that it is a rising bar in expectation, in terms of what customers and advisors expect from a digital company, and we are going to make sure that we are certainly at the forefront of that and remain at the front of the pack. I can't guarantee that we will always be ahead of the pack, because I can't tell you about what our competitors are doing, but we're not resting on our laurels and we're going to continue to develop ourselves in this digital way.

John-Paul Crutchley: Okay, I've got two questions on the web. The first is from Mike Christelis asking, how can you be sure the strong flows this year to date are related to the new platform, rather than just being strong market flow dynamics, given good flows reported by peers? Then, the second question is, do you – sorry, from Paul McGinnis of Shore Capital asking if you expect the hybrid offering to be a profit centre and by when? Or is it mainly a service for the younger family members of existing wealthier clients?

Steven Levin: So, on the first question, we know that we have done well because, as I said, we have gained market share and I can see that in the data. We have grown faster. The entire market is up. It has been a strong first half and first nine months of the year, and certainly, some of the flow that we've seen this year is many of the clients didn't invest last year? I think we can all know and see that because clients were taking a more cautious approach in the middle of the pandemic. However, we've grown faster than most of our competitors, so we know that we are doing well, and from the anecdotal feedback from advisors, we have seen that we have got an increased share of their flow, so that's how we know that. And the second question was –

John-Paul Crutchley: Hybrid being a profitable....

Steven Levin: Hybrid –

Paul Feeney: Yeah, hybrid profit. Well, hybrid – so, we believe in this. We believe it's going to get us to a far greater audience, provide a far greater audience. It will be a profit centre. That will be a little bit further out than closer in, obviously, because we've got to – we will invest in that, but in time, we believe it's going to be something which we've got a real opportunity – don't forget, with Lighthouse we've got 26 affiliate contracts to provide advice to over five million people in this country. It's not possible to do that with face-to-face advice, given the number of advisors we have in this country, and yet, people still want to speak to human beings, and we've always said it's not man versus machine. We've seen that with robo. It's not man versus machine. Man has won, if it's that debate. It's man with machine. I mean that in a non-gender specific way, obviously, but it's providing that digital capability with human capability to reach a wider audience. Okay, I think we're going to cut it now because I think everybody could probably do with a little, short break. We're going to have, JP(?), how long for a break?

Male speaker: If we could be back at half-past and there's a demo of the platform outside.

Paul Feeney: Okay, there's a demo of the platform outside. Back at half-past. Andy then is going to come on and talk about the high net worth and the great things that we have planned there, and we're doing that. Okay, thanks, everybody.

BREAK

Andy McGlone: Okay. Welcome back, everyone. Let me introduce myself. I'm Andy McGlone and over the next 20 minutes or so I'd like to take you through our newly formed high net worth division. And I'll explain why we're so excited by the opportunities ahead of us. But before I do, a little about me.

I joined our business as a trainee straight out of university and worked as an investment manager for the next 20 years or so, and that's left a very strong mark on just how important a role it is that we play in our clients' lives. It's a privileged position and it's not one we take lightly.

We've been celebrating Quilter achieve its 250th birthday this year. We're very proud of our long history that can be traced back to 1771 here in the City of London. And it's a real privilege to be leading this business at such an exciting time for us. We are a people business. Both private client advisors and Quilter Cheviot were built on the same foundations of delivering top-class personal service for clients, and that remains very much our focus today.

Let's start with a look at the high net worth market. As Paul said, there's currently around £700 billion of assets under management in the UK discretionary market. That makes it just about the largest overall segment of the wealth market, and it's growing nicely. With a growth of self-investment and good multi-asset unitised offerings, I'm sometimes asked do traditional discretionary fund management models really have a future? Well, we certainly think so. If the lockdowns of the past 18 months have taught us anything, it is that our offering still has relevance to our clients and their families. People at home with more time on their hands

didn't say, "Actually, I can now do this myself". They did the opposite and we deepened our relationships with our clients. For clients right across the spectrum, from those planning or in retirement or for younger professionals who are accumulating wealth but who are time-poor, we are their trusted partner.

As you can see from the slide, the market remains highly fragmented, even the largest players only having a relatively small share. We've currently got about a 4% market share and we see significant opportunity to increase that by, one, providing an integrated wealth management offering that will lead to higher organic growth. Two, growing our number of investment managers and financial planners. Three, increasing the capacity of those investment managers and financial planners so that they can manage larger, more lucrative client accounts. And four, enhancing our proposition with a broader suite of investment solutions available across the whole client base. By doing all of this and by starting to use the Quilter platform to distribute our services, we expect to grow faster than our peers. To do this, we're enhancing our proposition to align our expertise, resources and services.

Quilter Cheviot has worked closely with IFAs for a long time now, going back to the mid '90s, and principally through this channel we've grown to be one of the largest discretionary investment management firms in the UK. But we've now taken a very significant step forward in our strategic development. We are adding our own branded advice offering as a partner to our investment management offering, and clients are increasingly expecting this. We also believe that having two dedicated points of contact focused on individual clients will provide better outcomes and improve persistency. Private client advisors, the group's high net worth advice business, has been built from scratch through a number of acquisitions over the last few years. Up until now, it has been part of the broader Quilter advice proposition. But by bringing it into our core business we will offer clients a choice of financial advice, investment management or both. And by doing so, we see a real opportunity to drive fast growth.

Now, let's look at the business model. We manage nearly £28 billion on behalf of our clients. But the key difference from the affluent segment is that, in our case, the platform administration service is a fully inclusive part of our service. Our single management fee covers both investment and administration services, so the all-in charge should be looked at against the combined platform and investment management charges elsewhere in the industry. That's why, for us, there's a complete overlap between the platform and investment solutions on the slide, with the dark green diamond here. So, our entire business is in the sweet spot that Paul spoke about.

Turning now to what we do, our investment offering. Essentially, we've got two principal services, our discretionary portfolio service, or DPS, which managed around £26 billion of assets, and our managed portfolio service, or MPS. Our services follow our core investment process and we manage them with a mind-set focused on delivering consistent, long-term relative outperformance. The discretionary portfolio service is our flagship. It is the traditional core of our offering. Each client has their own dedicated investment manager who designs a tailored, actively managed portfolio in line with the client's goals. They'll do that by selecting stocks, funds or bonds from specific buy lists produced by our own

in-house research team, one of the largest in the industry. The managed portfolio service is our preferred solution for smaller-valued accounts. Here, the investable sum is typically less than £200,000. In recent years, this has been a faster-growing segment of the market and it's also a great client incubator. For instance, it's an ideal option for some members within a family group, such as children. We see significant opportunity here and we are revamping our offering accordingly. And the discretionary investment hub functionality on the platform that Steven mentioned it is a really, really exciting growth opportunity for us. At the moment it can offer our MPS solutions, but we are working towards full bespoke DPS solutions to platform advisors and their clients, and I'll come back to that shortly.

But let me now turn to our priorities in terms of how we're going to grow the business. As I said earlier, the IFA channel remains absolutely critical to us. We're going to broaden and deepen our relationships by giving them access to better solutions and better service. Second, leveraging the benefit of our branded integrated advice force, bringing together the proposition across all our offices will be a key priority for us. Third, we want to continue to grow our client-facing team. Today, we've got around 230 client-facing individuals, that's about 170 investment managers and about 60 financial advisors. And growing this team will be a critical part of growing our business over time. Fourth, we intend to drive innovation to enhance our efficiency and drive up our operating margins. And finally, there's a clear opportunity to broader our offering further, including integrating ESG fully through both our advice and investment processes.

As I set out earlier, we absolutely expect to be a strong contributor to overall Quilter net flows, and this slide puts that into longer-term perspective. It shows that recent periods have been slightly unusual. First, there was a depature of a specific cohort of investment managers shortly after we listed in 2018 that led to outflows through 2019 and 2020, most of which, as you can see, were from the direct segment. Then, through 2020 and to some extent early 2021, gross flows were muted as a result of the lockdowns. Clearly, in a relationship-driven business like ours, personal contact is usually a prerequisite to winning new clients. But what you can also see on the chart is that we have really re-established momentum, and 2021 has seen an improvement in net flows, supported by improved retention with growth in all three areas. As you will have seen in our third-quarter update today, our annualised flows put us very much back to 2017 territory.

A few words on the graph on the right, which provides a breakdown of our client base. The IFA-sourced segment in grey has seen healthy growth from just over £7 billion in 2015 to around £11 billion today. The direct relationships in light green have been relatively static in value terms so have shrunk as a percentage of our total assets over the period. Market growth has broadly offset the outflows between 2018 and 2020. Finally, you can also see the good growth in assets which has come from the Quilter advisors, the dark green segment. This now makes up nearly 10% of our assets under management. It's also worth noting that direct clients can and do convert to being advised clients on the back of specific advice-driven events and where they see advantage of ongoing advice as part of the relationship, and that's clearly something we will continue to encourage.

So, let's now look at our principal distribution channels in a bit more detail. Our traditional IFA base, which serves around 21,000 clients, and the Quilter advice channel, which currently has around 1,500 clients. As I said at the start, for many years now our business has had strong and longstanding ties with IFAs. They did the financial advice, we did the investment management. We were early to recognise the benefits of working together and these relationships will remain critical to our success. So, we'll manage the introduction of our own advice channel really, really carefully. I've summarised on this slide the key characteristics of the two distribution channels, but for me, the main takeaway is that while the Quilter channel is currently modest in size, it has significant potential to grow... to grow our gross flows. And as it's still relatively new and a growing book, with high persistency and low redemptions, it's already a strong contributor to our net flows.

Let's now look more closely at how we're going to strengthen our relationships with IFAs. We're looking to drive further growth by both broadening the pool of potential advisor firms as well as deepening our already established relationships where we have engagement with around 35% of IFAs who use a discretionary manager in some form. To do this, we have been strengthening our IFA distribution team and we're targeting them to spend 85% of the time on the 600 or so firms we've identified in the broaden and deepen segments of this chart. But, as I mentioned earlier, the new Quilter platform is the really exciting opportunity here. The discretionary investment hub functionality, which already offers some IFAs the ability to access and manage portfolio service, will, from next year, be able to offer full discretionary portfolios through its pension wrapper. Both provide a fantastic means of broadening our relationship with the IFAs because we will now be able to target firms who only use platforms as a part of their business model. And we can deepen relationships through an all-Quilter offering of both the pension wrapper and our discretionary investment management.

Elsewhere, we've also created a new role for a Head of Professional Service to build new specialist services for the higher net wealth clients of lawyers, accountants and financial advisors. And this opportunity will be available to our advice channel too, so let's have a closer look at that. An integrated offering will be increasingly important for our market in the future. Some clients will still come to us solely for investment management, some will come solely for financial advice, but increasingly many will come to us for an integrated proposition combining both. By bringing private client advisors together with Quilter Cheviot investment managers, we can ensure complete alignment between the advice and the investment processes. We can offer a much more seamless client experience and we can build an even more powerful, trusted brand based on personal service. From a client perspective, there's a clear attraction to a full-service wealth management offering made up of financial planning and investment management by the same team. And from a business perspective we expect to see the benefits of this come through in increased flows, greater client retention and an increased size of client portfolios.

As you can see from the map, in a few cases our advice and investment offices, the green and blue pins respectively, are already co-located. But in most places we've currently got one or the other. And, as I said earlier, we've currently got

around 230 client-facing professionals. Over time, I'd like to see that number move up to around 300, something like 200 IMs and 100 financial planners. But what's important here will be getting the right hire in the right place rather than just focusing on the overall numbers. In some cases that will mean adding financial planners, in other areas it will mean recruiting more investment managers. But quality and the right cultural fit are key, so it may take a while to get to where we want to be, but I am comfortable with that. Getting recruitment right will be absolutely critical for the business for the longer term. So, we anticipate most of the growth from here will be organic but, as one of the questions came earlier, we will look at bolt-on acquisitions as opportunities arise.

We've also got to innovate on behalf of our clients and to continue to bring them market-leading offerings. Earlier, I also mentioned the importance of a strong managed portfolio service, which is often the gateway into our business. To be honest, in recent years a gap in our proposition has been the absence of a market-leading MPS. Our offering was just too similar to others across the market. So, we've just launched a much more compelling proposition that will be key to us increasing our share of this particular market. The constituent holdings of these model portfolios are eight unitised funds, what we are calling the building blocks. And what's different to other similar offerings is that these blocks are the direct output of our own research process and team. So, in most cases, we'll be using in-house solutions rather than third-party fund houses. That will reduce the total cost to clients and it's revenue-neutral to us so good overall outcome.

But there's also a lot more we can do with technology even by doing some relatively basic things to better meet the needs of our clients and to improve efficiencies. By and large, the discretionary fund management industry still operates today pretty much as it always has done. Our industry is yet to take full advantage of advances in technology or, pre-pandemic anyway, in communications. Yes, it absolutely is and always will be a relationship business, but we see great opportunity in using technology, not just to become more efficient internally but also to deliver a much better client and advisor experience. So, by the end of this year we'll have introduced automated e-delivery of client reporting and we also want to introduce electronic on-boarding. The way we operate today is still massively too paper-based. But there is much, much more to come here, with much better client and advisor portals at the heart of it.

So, talking of what is going to be critical to the future, let me now turn to what we are doing ESG-wise. Within the high net worth segment, ESG is increasingly becoming a fundamental part of our advice and our investment processes. Our initial focus back in 2017 was on the G, the governance. And we began by voting and engaging where appropriate on our core UK holdings. But since then we've expanded this to cover 90% of our UK holdings that have voting rights and our core US and European holdings too. And we were amongst the first to sign up to the 2020 stewardship code. Over the last couple of years we've developed a much more structured ESG approach. Our research teams now incorporate ESG issues within all their stock and fund coverage and the team work closely with the responsible investment team to agree how we vote. Importantly, ESG matters are stitched into the investment process rather than being in a separate silo. Our analysts know each of the companies they monitor far better than anyone else in the business, so it is critical that they are part of the engagement and dialogue as

well as the decision-making. For a number of years now, discretionary portfolio service clients have been able to set ethical screens, and last year we launched a funds-based positive change strategy that invests across a mix of ESG integration leaders and sustainable investment funds. And last but certainly not least, we've got our own climate assets fund. It's focused on five sustainable themes, energy, food, health, resources and water. And, as you can see from the performance stats in the appendix, it has a fantastic long-term track record. We've got real plans to grow this fund significantly over the next few years and it's already benefited significantly in terms of inflows since we added it to the advisor matrix in the affluent segment earlier this year.

So, very briefly, that's a quick run through of what the Quilter high net worth segment is, and I hope you agree we've got a number of great opportunities ahead of us. First, we're going to improve our client offering through integrated financial planning and investment management across all our offices. Second, we're going to improve our current market share. We'll do that by integrating our own advice force and private client advisors and by broadening and deepening our IFA relationships. And we'll also grow the number of client-facing individuals. And third, we're going to take advantage of technology in a way we haven't done in the past. And a key benefit of being part of the Quilter Group means that we've got additional opportunities for growth that simply aren't available to our peers. We can tap into Quilter advisors across the rest of the group, and once we've got DPS on the platform we can also access a much wider IFA market than those firms we've traditionally been able to deal with. And that combination is a real source of excitement within the team at the moment.

So, with that, I'm happy to open up for questions. I know you guys, I've seen you. We like to do things in three. There was three of them; there's only one of me.

Ben Bathurst: Okay, I'll try and bear that in mind. I've got two but it might become three. So, my first question was just going to be on the distinction between the channels, the affluent and the high net worth, particularly with respect to slide 55, where I think you've shown you've got 9% of your AUM now coming from advised Quilter. My understanding is that the majority of that is probably from advisors who are in the affluent section rather than the high net worth section, but that's where I'm a bit confused. So, if you could just kind of clear up the split between those, that would be useful.

Andy McGlone: Okay. So, the split at the moment is broadly 50/50, with the PCA side increasing because that was obviously zero at the start and for the first couple of years, so we started with higher absorbed, what we would now call affluent, but PCA is now increasing and we expect that share to get considerably bigger as a proportion of the total.

Ben Bathurst: Okay. Thank you for that. And then I think right at the start you said that you expect to grow faster than your peers, so I was wondering what sort of NCCF percentage as a percentage of sort of opening AUM you think you need to do in order to do that. Is it the 6% of the wider group or is a different number?

Andy McGlone: No, it's slightly below the 6% in terms of I think the 6% is a blended rate across the two segments, so we expect to grow slightly lower. I think you'll do your models

for our immediate peer group and see what they are. My job is to make sure we're leading that group.

Audience Member: Okay, thank you.

Andy Sinclair: Thanks. It's Andy Sinclair from BofA. Just two from me this time, connected to each other really actually. Firstly, you started off by saying this is a pretty fragmented industry. What fundamentally do you see as a reason why it couldn't consolidate and become a bit more concentrated? And second question kind of along the same lines, you mentioned the desire to get to around 300 investment professionals and advisors, but is that kind of what you see as kind of the stable equilibrium, stable state for this business, or do you think it can continue to grow well beyond that?

Andy McGlone: So, if I take the second one first, no, that's just our next few years' plan. We would look to then grow further, predominantly organically from that, but that's what we're working to in terms of the current sort of planning cycle.

In terms of broader consolidation, the market, you know, you'll know the DFM industry as well as I do, the market has consolidated. There's been a huge number of sort of smaller bolt-on acquisitions over the years. The bigger deals have been the ones that have been harder to execute and we're all watching the Tilney Smith & Williamson to see how that pans out. But it historically has been more of, I think, a sort of cultural issue in terms of trying to bring these two cultures together when you've got the two big businesses. So, I think it will continue to consolidate. I think whether that's done really through sort of smaller bolt-ons, that's certainly our preferred way of looking at it at the moment, but we'll see what happens elsewhere if there are more bigger deals going forward than there have been in the past.

Andy Sinclair: That's great. Thank you.

Gurjit Kambo: Hi, yeah, it's Gurjit from JPMorgan. Just one question. On slide 55 where you give the breakdown between direct advice IFA and then Quilter advised businesses, how do the dynamics sort of change in terms of the economics, if you're getting clients via the three different channels, is there much difference?

Andy McGlone: Not significant. No, not significant. There tends to be, as with all commercial arrangements, a slight discount for volume so whether it's obviously the Quilter side and some of the bigger IFAs, but it's not a huge variance.

Alan Devlin: Thanks. Alan Devlin from Goldman Sachs. A couple of questions. You just mentioned culture there in terms of the consolidation. I've the kind of feeling that the culture of the Quilter Cheviot is different from the culture of the affluent business. Is that unfair or do you think there is a kind of a difference in culture? And then just a second question on I think you said you dealt with 35% of the IFAs that do DFMs. Of that 35%, what is your market share and do you see a bigger opportunity in increasing the existing relationships or increasing that 35% itself? Thanks.

Andy McGlone: So, have we got a different culture to the affluent segment? I wouldn't say so but I think, you know, we're servicing the business and the clients in a different way, I mean particularly with the investment managers, they have direct relationships providing the solutions to the underlying clients, which is a different model, as Steven outlined earlier. So, I think it's a different business model in terms of the way we service clients, but I don't think it's a particularly different culture between the two different segments as part of the group.

Secondly, I'm not sure I could actually give you the answer in terms of what our specific share is in the IFA market, but we absolutely see it as an area where we can get more of it, so in terms of the broadening and the deepening we talked about earlier, that's absolutely what we intend to do and will still see it as a rising market in the short term, but we definitely see restricted advice being the long-term future. And that's largely, again, I think your question earlier, someone's question earlier was around the number of IFAs still coming into the business and of course people buying up IFA firms when people retire, particularly smaller businesses.

Greg Simpson: Hi. Can I just ask two questions? First would be on retention of investment managers. How do you think about that? How do you ensure that remains high given it's very much a relationship-based business and given the kind of precedent? And then just secondly on the smaller kind of managed portfolio service, can you kind of give an idea of the kind of economics in terms of fee margins and kind of profitability to do that activity? Thanks.

Andy McGlone: Okay. I'm not sure how much I'd say about retention because they're all probably listening in. Look, there's obviously we have to find ways of retaining them, but it goes beyond the financial. What's absolutely critical here to me is building the culture, building the business that the best people want to work at. And we do that in a number of ways. I'm not going to tell you all of them because, again, we've got competitors probably listening, but some of them are fairly obvious to all the businesses and it's being able to provide the best research teams to boost them, to make it as easy as possible for them to do business. So, you know, we attract people in. You know, people move around the industry, it's part nature, and say my job is to build the one that they all want to come and work at all other things being equal.

In terms of MPS profitability, again, I don't have the underlying stats, but where the real opportunity is within MPS is to partner with what we call strategic partners and run big amounts of money for them and tailor an MPS solution for exactly what they want, and it's low fee but it goes straight really, you know, it's the intellectual property that we have within the team, and particularly when it's on the Quilter platform or another platform.

John-Paul Crutchley: There's one question on… there's nothing on the phones. One question on the web which comes from Paul McGinnis at Shore Capital asking that if both the affluent and high net worth divisions are simultaneously looking to broaden and deepen relationships with third-party IFAs, if it's being done by each division separately or in a coordinated manner and is there a danger of creating market confusion with IFAs? I don't know if you want to bring Steven in on that as well.

Paul Feeney: Yeah, well I can take that one. Very much in a coordinated manner, very much. We have one overall IFA coordination plan, although we execute in high net worth and in affluent, but it's one plan.

Andy McGlone: Okay, how are we doing on time? Good, so I think over to Mark. Thank you.

Mark Satchel: Good afternoon, all. Can I echo Paul's sentiments and welcome you to Senator House and our first Capital Markets Day? I've summarised the areas we'll cover on this first slide. I'll start by walking you through our new segmentation and our Q3 flows, which we reported on the new basis. Then I'll share some thoughts on our revenue margin. Karin, our Chief Operating Officer, will then talk about the next stage of our efficiency plans, which we're calling simplification, and I'll walk you through how this supports our operating margin targets for 2023 and 2025. Then I'll say a few words on capital and liquidity, both in terms of how we manage them and how the board thinks about them. I'll finish up on how we intend to return £350 million to shareholders from the sale of Quilter International.

Let me start with a picture of the shape of our business and here I've shown you the profit contribution of our two new segments, together with the cost of running the Group head office. The messages to take away from this slide are affluent is our largest profit contributor, about two and a half times the size of high net worth. But both segments are expected to show very good profit momentum over the next few years. While the drag from head office is meaningful, it reflects the impact of some stranded costs from disposals. And these will either be eliminated or absorbed by the segments in time. For this reason I'd expect a go-forward head office cost in the mid to high 20 millions in the medium term.

Okay. Let's get into the detail of our new segments, Affluent and High Net Worth. In our RNS this morning you'll have seen restated historical financials for our continuing business split along these lines and there are a few moving parts here; the transfer of Quilter Private Client Advisors to the High Net Work segment and some changes to expense allocation after the divestments we've made.

So I've pulled out the most salient points on the next two slides and I'll start with the Affluent segment which delivers around 65% of group revenues and around 70% of profit. We expect to grow flows faster than High Net Worth but High Net Worth generally attracts assets at a higher revenue margin so I expect revenue and profit to increase in both segments with Affluent climbing at a slightly higher rate than High Net Worth. We expect the two segments combined to deliver net inflows of around 6% per annum from 2022 onwards with persistency in the low nineties for the overall business. There's also clear scope for improvement in the operating margin across the business and that opportunity is more significant in the Affluent segment because it contains both the platform and solutions business, the two areas with the most significant operating leverage within Quilter. Looking at key financials, last year's revenues were impacted by the market impacts caused by COVID and costs were lowered by the tactical cost reductions we made to support the operating margin. We've now reversed some of those savings which creates a slight headwind for the operating margin in 2021. And one other thing to bear in mind when you look at the first half comparisons, the majority of the FSCS levy is charged in April which depresses the first half outcome and operating margin.

Next, the High Net Worth segment which will contribute about 35% of group revenues. The financials here are broadly equivalent to those you already have in your models for Quilter Cheviot. The main difference is the contribution from the other revenues line and this is the advice revenues generated from Quilter Private Client Advisors. Some of you may be wondering why High Net Worth has a third of the advice revenues of the Affluent segment but far fewer advisors, and this is because most of the advisors in High Net Worth are employed by Quilter and so we report all their revenues and all their costs. By contrast, in Affluent virtually all advisors are self-employed through the network firms and so only we report our share of their revenues, which is around 20%, and none of their direct costs. The advice business within High Net Worth operates just shy of breakeven so if you're doing comparisons with peers bear in mind this reduces the overall operating margin for High Net Worth. Quilter Cheviot would achieve a higher operating margin on a standalone basis.

Now let's look at flows. You'll have seen that our third quarter flows announcement this morning was based on our new disclosure. In the announcement we also included an appendix with the flows shown on the previous disclosure basis so you can reconcile back to your models, and this is the last time we'll show the data on that basis. We think the new disclosure is more helpful because it is a better representation of how we manage the business. Given the increased granularity, let me help you interpret it and give you a guide for our expectations.

Let's look at Block 1 on the table. These are the flows generated by two main distribution channels in the Affluent segment. I expect this to be a significant engine of growth for us going forward. You can see the very good levels of growth from our own advisors, net flows of 19% of opening assets. The IFA channel has shown modest year on year growth, 3% of opening assets, and this has been an area of strong gross and net flow increases on the platform. Here we expect increased momentum as the platform team delivers on the initiative Steven spoke about earlier.

Now let's look at Block 2 at the bottom. This shows the flows into High Net Worth. Again, you can see faster growth from Quilter advisors with flows again at 19% of opening balances, albeit from a lower asset base. In time we expect the overall net flow growth rate for this segment to get back into the mid single digits.

Moving to Block 3. These are the assets in our solutions but held on other platforms. Movements here require a bit of further interpretation. First, in the Quilter channel This is where Quilter advisors have put client assets into Quilter solutions but have used third party platforms, perhaps because the client is happy with the existing arrangements or because of the lack of functionality on a whole platform. So what should you expect here? We expect some new flows, principally top-ups to existing investments, to continue onto third party platforms and we also hope to see some flows from the back book that Steve outlined earlier. Then there are the assets from IFAs on other platforms but they are invested in Quilter solutions. And while we manage these assets, we have limited influence over the platform they're on so movements are likely to fluctuate

overtime. We expect that there'll be a gradual decline in these assets, driven in part by consolidation of IFA firms across the industry.

Next, the two blocks highlighted 4. These are assets from discontinued businesses, assets currently in our solutions. For obvious reasons, we expect these assets to mean gradual structural outflow. Importantly, the headwind from those outflows is incorporated within our 6% flow guidance. You'll notice that with the new disclosure I haven't had to talk about eliminations. Similarly, we're going to stop referring to integrated flows as the assets that touch more than one part of the business are clearer to see now. Fundamentally, our objective is to drive up the absolute amounts managed by Quilter because that's what drives our revenues. But you'll notice the two percentages that I've marked with a green star. These show the proportion of assets that are both administered and managed within the Quilter ecosystem and where revenue margins are higher, as you will see. While we would like those percentages to trend up over time, they may fluctuate in any particular period, depending on growth rates across the different channels.

Now let me turn to revenue margins. This graph shows revenue margins on the vertical access and AUMA on the horizontal access, with the size of the rectangle for each block approximating the assets within category. The four categories correspond with those graphics that Steven and Andy showed earlier on the right here. So Affluent administered assets are client assets on our platform, our largest but lowest revenue margin proposition. We've got £56 billion of assets where we only obtain a platform revenue margin. Affluent managed assets are managed through Quilter solutions but sit on other platforms. That's about £10 billion of assets in total. Some of this will migrate to our platform over time but, as I've noted already, some are in structural outflow. High Net Worth assets are assets that are managed and administered by Quilter Cheviot where we make a good margin. And then, finally, Affluent administered and managed assets. Here we benefit from a combined platform and investment solutions margin. So these are the highest margin and fastest-growing category for us and are key to our growth expectations. From this you can see that around 40% of assets are at a higher revenue margin than the group average. It is obviously these that are more important to us from a revenue margin perspective and the assets in the two taller bars will underpin stability in the overall group revenue margin over time. It is worth noting that the overall group revenue margin is not something we directly manage but simply the output of the growth and margins in the various components of the slide. So going forward we plan to guide on the margins of these components to help you populate your models rather than on the group margin.

With that, let's turn to our new cost disclosure and how we manage costs. To address this I want to step back and give you a broader perspective. I often get asked how variable is our cost base and what is the split between fixed and variable costs. To address that we've broken down the full year 2020 and first half 2021 expenses into broad categories by type of cost and we then show each of the main subcategories as a percentage of revenues with an indication of how we expect costs to trend over time. I've broken the cost base into two categories; base costs, what we spend to keep the buildings open, the lights on and the IT mainframes running, and then costs that are more variable in nature which are

more linked to revenues and the volume of activity. And as I walk through this guidance bear in mind that it is based on the assumption of steady growth and normal markets. If we have market volatility in a period then we wouldn't necessarily expect to hit all of these percentages in that period and as we manage the business to deliver on the operating margin target you'll know where we are expecting the overall cost base to head to as a percentage of revenues over time. So with those caveats, how do we think about cost evolution? Generally, we expect fixed staff costs as a percentage of revenues to trend down over time, particularly in the infrastructure area, and that's because our optimisation and simplification plans will reduce staff numbers even though National Insurance costs and inflation are likely to push up absolute staff costs in the near term. Within base costs the other category includes costs associated with our listing, governance, audit fees and the like. These are relatively fixed so should also trend down as we grow the business. It is worth highlighting technology costs. 2020 was a bit unusual as COVID curtailed some anticipated development spend so, while I expect to incur a higher run rate of development spend here, it should also be one of the main beneficiaries of the simplification activities that Karin will get to in a moment. Then I'd expect the revenue-generating staff costs to remain broadly stable as a percentage of revenues and for variable staff costs, essentially the bonus pool, to remain broadly consistent at a mid teens proportion of revenues. It was lower last year because we reduced variable compensation as part of our tactical cost reductions for COVID. Finally, regulatory costs, including professional indemnity insurance. A working assumption is that these are likely to increase slightly as a percentage of revenues, running around the mid to single digit level. So what I hope you can see is that the main levers to deliver our operating margin targets are managing down base running costs and fixed staff costs as a percentage of revenues and that is what we are focused on achieving.

So with that, let's turn to the operating margin guidance. As I said earlier, our two segments, Affluent and High Net Worth, have a roughly 65/35 revenue and 70/30 profit contribution between them. Our Affluent segment currently has an operating margin in the mid to high 20s with our High Net Worth business in the low 20s. Both of the clearly need to improve. We're currently delivering a blended segment operating margin in the mid 20s and after the drag from Head Office that ends up in the low 20s for the group overall. So what happens as we deliver on our plans? We expect to drive the operating margin for Affluent into the high 30s by 2025 and for High Net Worth into the mid 20s, and that should take the combined operating margin for the segments to the mid 30s by 2025. And we expect the drag from Head Office to reduce because costs here are relatively fixed in nature. Together that should see us deliver our Quilter 30% operating margin target by 2025. These are tough targets, particularly with inflation and National Insurance hikes, neither of which were fully anticipated when those targets were originally set. To achieve these operating margin targets we're expecting three things. First, that we'll achieve our 6% net flow target from next year. Second, that equity markets show around a 5% per annum growth and, given our asset base, that translates into about 3% to 3.5% overall asset growth from market support each year. And, third, that we deliver the next phase of our cost reduction targets which we are calling 'simplification'. Given the importance of this, I am pleased to pass over to Karin Cook, our Chief Operating Officer, who will talk

about what we've achieved and the next stage. Karin has been a driving force behind our delivery on the cost plans achieved to date. Karin.

Karin Cook: Thanks very much, Mark. Good afternoon, everyone. As Mark said, I'm Karin Cook, the Chief Operating Officer. I joined Quilter at the beginning of 2019 from Lloyds where I had quite a bit of experience of delivering operational efficiencies and I'm responsible for most of the group's operational functions, including IT change, ops, etc. Before Mark talks you through the numbers behind 'simplification', as we're calling our next phase of strategic cost savings, let's look at what we achieved in 'optimisation', the first phase.

We're now coming to the end of this three-year programme. Quilter was brought together through a sequence of acquisitions and, as a group of silo'd businesses, it really was too complex and too costly to run. We could see there was huge opportunity to take cost out and to make Quilter more simple and easier to manage. To get the most from the cost saving programme it was clear it would need to be done in phases. I'll come back to why later. Phase 1, optimisation, was about making Quilter more streamlined and operationally efficient, removing what Paul refers to as the 'clunks'. We focused on three main areas of complexity; de-duplification, technology and third party spend.

So first, de-duplification. Each of our five business areas used to have its own embedded functions, like IT, HR, Finance, and we've now brought these together into single Quilter-wide support teams covering each of these functions, and these centres of excellence have enabled us to reduce headcount. They've also allowed us to harmonise processes and provide consistent support to the businesses. And this was a considerable undertaking for Quilter as we were used to operating in a much more federal way so we did have to make quite a bit of cultural as well as organisational change. Secondly, we started to modernise and rationalise our technology estate. Tech is the enabler for our strategy but it's also a big chunk of our cost base so we needed a solid foundation for our future plans but it had to be much more cost effective, and this was a large part of Phase 1's gains. We've now connected the Quilter businesses and offices onto a single wide area network with common desktop technology. It's enabled all of our colleagues to collaborate using common tools and it's improved user experience, especially for those who are using multiple systems and, as you can imagine, we were extremely glad we'd done this when the pandemic hit. We also started to modernise our operational technology using robotics and automating some manual processes in the Midland back office. Automation has not only given us cost savings but it's also strengthened our controls and made the model more scalable. Having done this before, I am aware of the initial concern ops people tend to have about change delivered through automation but actually once the robots are live the teams generally embrace the new ways of working as it allows them to focus on the more interesting parts of the job. And, lastly, third party spend. We reduced our third party costs by reducing the number of suppliers we deal with and consolidating contracts across the group. You can see on the slide here when we kicked off the optimisation programme in 2019 we had over 5,000 suppliers and today we've got fewer than 2,000. We also looked at our sourcing strategy and by outsourcing our facilities management, for example, we've reduced costs and improved service levels. Conversely, we've also in-sourced some of our IT support with similar costs and service benefits. And, finally, we've

reviewed our property footprint. Lockdowns pushed us all into more agile ways of working and with our lower headcount too we've now started exiting properties as leases come up for renewal.

This first phase of cost reduction is due to complete at the end of this year. We'll have created sustainable savings of £50 million from the 2018 cost base for an investment of £75 million, and then you'll recall Mark also announced in March this year that we'd scoped an additional £15 million of savings which will deliver by the end of 2022 and that gives you the £65 million you see on the slide. The work we're doing in Phase 1 also stands us in good stead for the next step, a further set of cost reduction projects, some of which we've already started. During Phase 1 there were several areas we didn't want to touch. We've had various large-scale transformation initiatives underway which we didn't want to disrupt - our platform transformation programme was the biggie - so at that point we couldn't bring them into scope for optimisation. As these programmes complete and we divest Quilter Life Assurance and our International business we start to unlock the next phase of cost saving initiatives and, as Paul said, we've called the second stage 'simplification'. Our new operating model with just the two segments also unlocks opportunities to tackle areas which were previously out of scope. It'll allow us to deliver greater operational efficiency and at the same time improving client experience. And, once again, we've got three main areas of focus for simplification. Firstly, the large-scale decommissioning of our legacy IT estate, completing PTP, the conclusion of Quilter Life Assurance's Transition Services Agreement, the sale of International and with our new single wide area network in place we're now able to start this decommissioning. You can see the figures on this slide here. We'll remove redundant servers, moving from having more than 3,000 to fewer than 1,000, reducing down from nine data centres to just two and switching off or consolidating many IT applications. And we're building a new data platform which will not only remove multiple data silos but will also consolidate our multiple management information and business intelligence tools.

The second opportunity here is in those operational areas which, as I mentioned, we largely unaffected by Phase 1 because they were focused on the transformation programmes. Several of these areas are still reliant on manual processes and user-developed tools like spreadsheets and here we've got plans to bring together common activities, such as complaints handling or client money processing, which are currently done in different ways across the different businesses. Process re-engineering will also improve efficiency, for example, giving teams end to end ownership for processes to reduce inefficient hand-offs. The kind of thing I've done previously is giving customer-facing teams the opportunity to fix issues directly for the customer rather than handing off to a different back office team, far quicker and better service for the customer, and actually much more satisfying for the call centre people who feel much more empowered to help customers. And greater automation of our advisor front end systems, for example, automating the allocation of advice chasers for checking based on their relative risk, will allow more straight-through processing across the business and quicker turnaround times for customers seeking advice from us. Again, this will drive greater efficiency whilst improving the client experience.

And, lastly, as we organise around our customers in the two segments you've heard about today, we can simplify Quilter's structure. With only two businesses we won't need as many people to support them. Through simplification we're targeting cost savings of around £45 million by the end of 2024 with a one-off cost to achieve £55 million. So we've got plenty to go at and I've been really impressed with the appetite and ability within Quilter to get things done. The first phase of optimisation was a big ask and we delivered what we had committed and I'm confident we can do the same with this next phase. And with that, let me hand back to Mark.

Mark Satchel: Thanks, Karin. As you can see, our simplification plans are well developed. Let's now look at the numbers and see how the optimisation benefits have come through. Taking the original 2018 cost base and adjusting for disposals and acquisitions we end up with a revised starting point of £488 million. From the original savings target of £50 million £10 million was delivered in the International cost base which has been excluded from the slide. That left £40 million to be delivered by the continuing business, of which £29 million was achieved by the end of 2020. From that inflation and higher regulatory costs, principally the FSCS levy, partly absorbed the strides we had made in efficiency savings and we finished 2020 with a cost outturn of £456 million. Of course last year, due to COVID, we made tactical cost savings equivalent to £34 million in the continuing business, some of which have already reversed this year and the remainder I expect to fully reverse in time. So if you adjust for that it gives a pro forma cost base for 2020 of £490 million versus the equivalent starting point of £488 million for 2018, a good outturn. But what should you expect this year? Well, back at the interims we said overall group costs would be below £560 million this year. We can now date that target and confirm that we expect full year continuing business costs, in other words excluding International, to be less than £500 million. So essentially we'll have kept costs pretty much flat for the last three years but external pressures mean we will have run very hard to stand still, and this makes us even more focused on delivering the next stage of cost reductions because we know there'll continue to be upward cost pressure from the external environment.

So what should you expect from simplification in numbers terms? Our original optimisation programme focused on support functions. Simplification, as Karin has outlined, is focused on reducing the costs of our IT stack and simplifying our operating model further after the business disposals. If you take the 2020 continuing cost base as a start point you get a base of £456 million, of that what we consider is the addressable cost base amounts to around £320 million, and we aim to reduce that base by around £45 million or 15% with costs to achieve of £55 million.

Right, so I've told you about our plans to drive revenues and drive greater efficiencies across the business and, as Paul has said, by 2025 we expect that delivering on these plans means that we will more than double the profit we delivered from the continuing business in 2020, and that converts to a mid teens rate of EPS growth through to 2025 of the 2020 continuing business base. We regard that goal as tough and ambitious but achievable.

Okay, having dealt with the P&L, let me now say a few words on capital, liquidity, dividend policy and then capital return. On this slide I've presented our balance sheet from three different perspectives; group solvency capital ratios, holding company assets and liabilities and holding company liquidity. All of these are pro forma for the disposal of Quilter International and the associated capital return. Taking each in turn... We've got a strong group solvency ratio of over 200% and I've highlighted the components here. After excluding the benefit from the subordinated bond and VIF, the tangible ratio based solely on shareholder funds is 130%, a conservative ratio but not an abundance of surplus capital. Next, holding company assets and liabilities. The main holding companies own the shareholdings in our operating companies and we require subsidiaries to upstream cash to the centre, it's where we can manage cash and capital most efficiently. So this forms a component of the holding company balance sheets and from a cash and liquidity perspective after our surplus capital distributions we'll be running with around £250 million of cash at the holding company level. This provides cover for us for a potential liquidity or capital stress event. We aim to maintain contingency liquidity of around £200 million for these events and, as you can see here, we are running with liquidity levels on a pro forma basis marginally ahead of that. And that feels right to me, given the amount of change activity we continue to manage and the potential for further remediation charges as we finalise the Lighthouse skilled person review, although I have nothing new to report on that subject today. In terms of capital generation, while we are a low capital intensity business, we are not a no capital intensity business. Capital strength to fund growth in our pensions business and taking account of the need for capital investment in the businesses on IT and similar items means that we still expect about an 80% cash conversion from adjusted profit. After 80% of profits convert to cash we expect to retain around a further 10% to give us some flexibility for business investment and to provide scope for small bolt-on advisor acquisitions. That leaves up to 70% of free cash to be distributed to shareholders by way of dividend and to reflect this and our confidence in the organic growth outlook, we've increased our target dividend payout policy to 50% to 70% of post tax, post interest adjusted profit. And just to be clear, about half the increase in that range is due to a definitional change. The policy's now based on adjusted profit after interest costs and about half the change is a targeted increase in the range based on what we think is now appropriate for the company.

Finally, we often get asked about whether we plan to move out of Group Solvency II Supervision and we do expect to have a discussion with the PRA on this once we've completed the sale of Quilter International. You shouldn't expect any shift there to have a significant impact on our capital distribution plans. If we were to come out of Group Solvency II Supervision it could mean that when our subordinated tier 2 bond can be called in early 2023 we may consider refinancing it with a group ICAP capital compliant or senior debt instrument.

Now let me turn to capital return from the sale of Quilter International. I'm pleased to say that the sale process is very much on track. Upmost are waiting on the final regulatory approval and we continue to expect the transaction to close prior to year-end.

Given that here's how we intend to deploy the proceeds. The base sale price was £460 million, and to that we expect the ticker, essentially interest, to be around

£20 million. Then we expect deal and separation costs to be around £40 million pounds leaving us with net sale proceeds of around £440 million. We intend to retain £90 million to fund investment and cost simplification we've talked about today. That leaves £350 million available for return to shareholders. And as previously indicated we'll treat Quilter International's pro rata share of the 2021 full year dividend as part of the capital return. That leaves around £325 million to be made as a special return to shareholders.

We've consulted with our shareholders on the best way to distribute that capital and there is a general appetite for a speedy return of cash. So we plan, subject to regulatory and board approvals, to return the capital via either a special dividend, or a b share scheme, and follow this with a share consolidation.

There's a timetable for the capital return process in the appendix, and I'm happy to take any questions on these mechanics later.

As we are completing what I expect will be our last significant disposal, let's review our capital return credentials since listing. Over the last three years we've generated nearly £1.5 billion from disposals. And we've returned nearly £1 billion of that to shareholders as well as making a special capital return of £300 million to our former parent prior to listing in respect of the OMGI proceeds.

Once the Quilter International capital return is complete it will mean that we've returned about £1.2 billion to shareholders including ordinary dividends. That's more than half our market capitalisation after adjusting for the Quilter International disposal.

Right, before I summarise, here is an update of our target slide which we keep in one place to remind people of guidance. It reflects what we've already covered today, so I'll skip onto my conclusion before handing back to Paul.

In summary the financial highlights are that we expect strong earnings growth from top line and operational improvements as we deliver on our ambitious but achievable targets. A decline in share count following the return of Quilter International proceeds, a higher dividend pay-out policy and this will result in meaningful dividends while we continue to invest in the business to drive further growth and shareholder returns.

And we plan to get the surplus capital from the sale of Quilter International back to our shareholders as quickly as possible. And we expect to complete that exercise by the end of the first half of next year.

Right, with that let me hand back to Paul to close and then we'll be happy to take any questions. Paul.

Paul Feeney: Thank you, Mark. And thank you everyone for taking the time to be with us today. I hope we've helped you understand what Quilter is about and why we're so excited about its potential.

I'd like to finish with a couple of slides to draw it all together for you and summarise what you've heard today.

Since we listed I've often heard us compared to St James's Place. But that misses a lot of our story. I think the most helpful perspective is to break our business into three parts. Each of these generate annual revenues of around £200 million. The Quilter channel business in our affluent segment, the IFA channel business in the affluent segment, and our high net worth business. And it's only the first of these that is comparable to St James's Place. That's a business that we have built from scratch over the last six years and it's now got real momentum.

The second part, the IFA channel in affluent, is closer to a pure play platform provider. And this business has been transformed by our new platform. It really is a game changer. That business has turned on a sixpence from losing market share to delivering robust growth as you've seen in the flows and advisor testimonials we've shared today.

Then finally we've got a great discretionary fund manager. As you heard from Andy we're stepping up growth here as we move to an integrated advice and investment management proposition. The addition of our own advisor force will really power us forwards.

That's a good story, but there's more to our investment case. As I said at the outset, the benefits that our model brings are clear. Having dual advice channels not only gives us greater breadth of distribution, it also gives us strategic control of distribution as the IFA market continues to consolidate. Having our own platform gives us scale and operating leverage right across the business. And having our own investment solutions enables us to capture an additional source of revenue from those flows.

And this model works for customers. It offers choice at a fair price. And quality assured choice, as I said, is the bedrock of our philosophy. And our model delivers for all stakeholders also. Advisors work with a firm that has advice embedded in its DNA. We understand the culture of advice and how to help advisor firms thrive. Clients benefit from our buying power getting competitively priced investment solutions whether using our solutions or third party ones. Moreover we give advisors in the affluent segment access to our high net worth solutions.

Regulators can see that our focus on good customer outcomes and our unbundled pricing model robustly ensures client choice without any lock-ins or cross subsidisation.

And for shareholders there is the significant earnings and profit growth story we've laid out for you today.

So to finish let me summarise our investment case. We'll drive revenues by increasing net flows onto our platform which, as I said and I've said many times, is the beating heart of our business and encourage a higher proportion of those flows into our investment solutions. We'll manage costs by taking a further £45 million out of the cost base thorough our simplification plans. And we'll drive operating leverage by growing assets on our platform and in our solutions. And finally we'll continue our progression up our dividend pay-out range. And we'll

return £350 million of capital from the sale of Quilter International in the first half of next year all whilst maintaining a strong balance sheet.

Right. That's a good place to conclude. We're happy to open up for any final questions and once we're done, we hope those of you who are here in the room will join us for an informal light lunch. Thank you very much.

So, David?

David McCann: Good morning. David McCann again from – or good afternoon even. David McCann from Numis. So first of all you talked about, just touching the cost savings inevitably, it's obviously you've already seen press comment out there about some of the long wait times to speak to support staff for issues to be sorted out. And you talked obviously in the presentation around the customer experience and I totally agree that's obviously very important.. So to what extent are you confident that these additional cost savings will not negatively impact on the customer experience? That's the first question, and yeah, I guess to what extent has that been thought through?

And then just a more mechanical once, just the actual phasing timing wise of those costs savings and just for our modelling purposes it would be handy if you could give us any more colour on that. Thank you.

Paul Feeney: Sorry, last part there, David, was?

David McCann: The last part was the phasing of the cost savings.

Paul Feeney: Phasing of the cost savings.

David McCann: Thank you.

Paul Feeney: Okay. Okay, got it, thanks Mark. Well, let me just take the first one. I mean Steven could take the one. Wait times. I think if you're referring to call centre wait times when we migrated our £70 billion of assets. Yeah, we had a few weeks where our call times, waiting times were higher than we would want, despite the fact that we put up a, effectively a new call centre as well our existing call centre. We've got those, those have come right back well within our service standards. So that is no longer, is not an issue. That was a short-term thing. But, again, you know, we're really happy of how we've done our migration. We did it in a risk controlled way and we landed it very successfully and safely.

In terms of the cost side, Mark, you can take that.

Mark Satchel: Most of the cost savings will come through pretty evenly phased, but there is a slight more weighting towards two years from about now given that's when we're anticipating coming off the TSA with Quilter International which is really the thing that unlocks some of the further IT simplification that'll take place. So there's a slight sort of waiting towards the back end of 2023. But otherwise pretty much even.

Karin Cook: Can I add to the first question?

Paul Feeney: Yes, please, go ahead, Karin.

Karin Cook: In terms of client experience. Client experience is the absolute priority for us. We do not take out costs that impact client experience, but as I was saying, I think there's almost the opposite as we make things more efficient and therefore take out costs, it improves the client experience. So the two go hand in hand. It's not one or the other. But if we have a cost takeout target, we do not impact the client experience. And all of that is factored into plan.

Paul Feeney: Andy?

Andy Sinclair: Hi. Andy Sinclair from BofA again. A few from me. Two or three. I'll decide in a moment.

So first it was just on – you talked about debt and possibly changing types of debt. But how do you feel about level of debt in the business? Are you happy to keep that at the same level for the maturity comes, or would you look to amend that over time?

Secondly it was just on the costs. You've given the target helpfully for under £500 million of continuing cost for this year, but how should we think about the trajectory into 2022? What will be the kind of moving parts other than a bigger business obviously, a growing business? But a few different elements between the cost saves, between the others. Can you just give us a little bit more colour on that? I'll leave it there.

Paul Feeney: Both are those are for you Mark. (Laughter)

Mark Satchel: I'll give either of those to you.

(Laughter)

No, just on the – I'm very comfortable the level of debts that we've got at the moment, and frankly clearly it'll be something for the board to consider in due course, but as things stand I'm not expecting any significant change in the level of debt. And I think you could have probably insinuated as much from the comments that I made earlier on. But, Andy, overall I'm very comfortable, £20 million of debt is fine.

From a cost perspective and the guidance thing going forward, look, I'm expecting that we're going to have a period of slightly heightened inflation and I think everyone's expecting that going forward. We've obviously got the National Insurance additional 1.25% that we also need to take into account. And we've got those sort of things coming our way down the line in the next year. Some of the initiatives that Steven and Andy spoke about earlier will also have operational cost components to them. That's likely to build out on that. And also obviously depending on how fast we might gain more advisors or financial planners, that's going to have an impact also on how they costs would pan out. And then offsetting all of that we've obviously got the cost saves coming through.

So, you know, I'm expecting a modest increase in our cost base for next year. I haven't guided to a specific number and I'm not going to right now. But hopefully That sort of gives you enough of the sort of flavour of some of the moving parts around it.

Andy Sinclair: That's very helpful. Thanks Mark.

Mark Satchel: Okay.

Paul Feeney: Greg.

Greg Simpson: Hi, thanks for taking the questions again. So firstly just a general one on the technology side and costs. The kind of innovation you talked about earlier around hybrid advice and mobile is, just to clarify, is that something that's coming from Quilter in terms of delivery, or is it more from FNZ, like an outsource technology provider, just the dynamics there.

The second one is FSCS costs in the industry have increased a lot over time which I think has been a source of frustration. There's been a bit of a talk about shifting model to making the polluters pay. So in any kind of thoughts you can share about the outlook for FSCS and costs going forwards.

And then just lastly on, a boring on tax. Is the mid-teens EPS growth you mention on pre- or post-tax basis, because there is the UK tax rate hike coming through and any funny things to flag on there for Quilter going forwards? Thanks.

Paul Feeney: Okay, just on the first one. The hybrid of IT. Clearly we'll building off the FNZ underlying technology. But clearly that will be shared cost between us and FNZ because it benefits them too as it benefits us.

In terms of FSCS costs, well I chair an FCA practitioners this panel, so believe me we're very well aware of FSCS costs in the industry and how they… but so is the regulator and so is Caroline Rainbird who runs the FSCS, the Chief Executive of the FSCS institution. And there is a genuine desire and motivation to reduce FSCS costs overall. And the only way you can fundamentally end up doing that, apart from targeting those who are causing the issue, is to ensure that there is the right capital to pay those costs for people who are causing those issues at the end of the day.

So I mean I'm very encouraged by what I've seen from the regulator recently and what they've published recently and that. It's going to take several years. I mean it's going to take several years. I mean I think their goal is kind of to keep the FSCS costs roughly about where they overall are then drop by 10% a year from 25 onwards. But there is a general motivation right across the industry, the regulator, the FSCS itself and Treasury to get these costs down.

Tax, I think you can…

Mark Satchel: So, the 2025 tax rate I'm assuming is going to be the new tax rate that the UK moves to the year after next. And that's built it within it all. In the more sort of shorter-term we're obviously going to lose the benefit from Quilter International's

effectively zero tax rate. So our blended average tax rate is going go up to be in, I anticipate to be a percentage point or two lower than whatever the UK headline rate tax rate is. This year I'm anticipating that our tax rate's going to be actually very low at an effective tax rate on our adjusted profits because of deferred tax asset situation we're in and now having a higher tax rate means that you actually credit coming through, flowing through in your tax lines(?), book credit, you're not really getting anything right away from it.

But so far this year a pretty low effective tax rate. Next year moving right up to sort of, you know, a couple of percentage points below the headline rates and then of course the new tax rate then kicks in the year thereafter.

Paul Feeney: Alan.

Alan Devlin: Thanks. Alan Devlin from Goldman's. Two questions if I can.

First of all in your 6% net flow target, is that what you think this kind of steady state on this business should be generating or is it now at that inflexion point, what do you think kind of the near term net inflows should be?

And then the second question on the dividend. You mentioned the 80% cash conversion from earnings to cash and the 10% to pay the defunded growth. Does that mean we should expect the dividend to be closer to the top end of your range and in what circumstances would it be closer to the 50% of the bottom end of the range? Thanks.

Paul Feeney: Thanks, Alan. Well I'll take the first one and pass the second one obviously to Mark.

So we set a 6% target. We're very happy with where we are right now. I mean the platform right now year to date is doing 6%. And now clearly Quilter overall, that's the target we've set for Quilter overall. We're not yet doing overall 6%. But so look, we've set the 6%, we're very confident we're going to hit it, we've said it from 2022 onwards. It requires the platform to do a bit more than 6% obviously. But don't forget the platform's come from 2% to 6% this year. It's a significant growth engine. We're really pleased with that.

So let's hit the 6% and we'll think again. But let's see certainly where we are right now. We want to hit that 6% and that's what we're committing to.

Mark Satchel: Yeah, so on the dividend I think the way that I think you should be thinking about it is we're coming into listing dividend policy was 40% to 60% on the slight definitional difference to what we have at the moment. And you've seen I started at the lower end of that and gradually move up the range and we are sort of in the round…in the sort of lowish 50s at the moment. If you convert that into the sort of, taking into account the definitional change on this, it puts us ahead of a few percentage points onto that. So we effectively pretty at about a 56-ish type percent within that range. And I've got the Chairman of my board sitting here and some other board members too. I mean I think they know when we talk about this and we go through board deliberations on it, I think you should expect a gradual rise. It's not suddenly going to be, I don't think we are suddenly going to

be shooting towards the top end or necessarily going backwards, is not what we want to do either. And that's why we've set the policy around the percentage of adjusted profit because it kind of gives an anchor point in terms of the business performance.

So I'm expecting that we'll, my anticipation is we'll move up gradually but clearly the board considerations and deliberations are not just my view only that is going to count.

Paul Feeney: David again.

David McCann: Sorry, could I just ask a follow-up actually on that question around the dividend pay-out ratio? Obviously given the slight definitional change that you mentioned, Mark, are you also going to change the definition of adjusted EPS on the same basis?

Mark Satchel: I wasn't planning on, no.

David McCann: Okay, so we should effectively model both and...?

(Overspeaking)

... EPS model?

Mark Satchel: To be honest I hadn't given that one too much thought, but as I sit here right now, I wasn't planning on changing that definition, I was planning on leaving that one consistent just so we've got the consistency with history on the go forward.

David McCann: Okay, thank you.

Paul Feeney: Okay?

Telephone operator: Our question on the telephone line comes from the line of Nicholas Herman of Citigroup. Please go ahead.

Nicholas Herman: Yes, Thank you very much. I just firstly on your capital management policy. I'm just surprised, I was a little bit surprised to see that you're distributing out everything that you're getting after spending, after the cost achieved and cost and revenue initiatives. So I'm just curious as to why you decided not to retain anything, any dry powder whatsoever for M&A beyond what you will generate on an ongoing basis. That's the first question.

Secondly, apologies if my line cuts out unfortunately, but just but why... I was just like why was CPA(?) As the potential of the cost savings so much lower than in Optimisation 1? Is that just, yeah, I take the point but it is, with the differentiation(?) one is optimising the tech staff, optimising support functions. But, yeah, just a little bit more detail, that would be helpful.

And then finally just thank you again for defining the assumption, underlying assumptions of the plan, namely the 6% equity market growth point(?), and also of course the variable(?) cost let. These [line cutting out] in the sense that it

doesn't, in the sense that there isn't a huge amount of cost flex in your variable, you know, in your cost base. So it does look like I'm missing something here that if you don't then get that level of market growth and flows then you could quite easily miss, and unless I've missed something here. Yeah, those are my two questions. Thank you.

Mark Satchel: Okay, I missed the middle one but do you want me to have a go at the first and second, Paul?

Paul Feeney: Yeah, yeah, go for it. (Laughter)

Mark Satchel: I think I go those. So just on the return of proceeds from Quilter International, we are obviously retaining a portion of it to provide some of the funding for the simplification initiative as well as some of the revenue growth initiatives that were outlined. We're not retaining a whole big chunk of that in order to go and make some big M&A or larger scale M&A activity, which I think was the question that you were asking.

And frankly in consultation with our shareholders, I don't think the feedback Paul and I have had is that they wouldn't be comfortable with us doing that anyway, and they'd be happier with us going back to them if we actually had an acquisition opportunity that we might have rather just sit on cash that we're earning no return on in the bank just for the sake of it.

So I mean we see that is sort of more of a, a more efficient capital management relationship with our shareholders than what would otherwise be the situation.

I think on your final point you were asking would we get our targets or does the cost take out doesn't give sufficient or provide sufficient flexibility to still hit the upmargin targets if we don't get the 6% NCCF and if we don't get the market growth support. And, yes, you are absolutely correct. We will not hit the operating margin targets if we don't get that support. I think that was your question but if it was something else then –

(Overspeaking)

Nicholas Herman: Yeah, it was basically just I guess it's been trying to work out how much buffer there is in there and I understand your question(?) [line cutting out] response and not a lot.

Mark Satchel: No, if you think about our cost base, it is predominantly a people business so it has a high staff cost component to it. A lot of that staff cost component is what drives the revenue side of the business and the relationships around that. So if the actual value of the inforce is, you know, we try and manage what we can control and market levels we can't really control, we can react to them. You'd have seen or hopefully we built up some decent credentials around what we did last year in the COVID pandemic and the way that we sort of flexed the cost base around that.

But it is finite. It's not infinite in terms of what you can do on the cost base.

Karin Cook: And the middle question was around why are the optimisation savings lower in this current phase than the first phase? And, as I said, it's because we went after the low hanging fruit, there was a company with a huge amount of inefficiency in it which we took out. Now we're doing the kind of the harder yards which is optimising the technology stack. So we've done the majority of what we needed to do. We're now into the next phase which returns slightly lower.

Mark Satchel: It was also off a bigger business parameter where we've now subsequently sold two businesses that we previously had not sold when we set those. So proportionately is a proportion of the costs, it's actually a percentage that's pretty similar if not a bit higher then what we had the first time around.

Nicholas Herman: Cool, thank you.

John-Paul Crutchley: One question on the web is from Mikhail Motala from PSG Asset Management asking about how the £25 million held from the proceeds of the sale of Quilter International to Fund B, full year 21 dividend compared to the free cash flow and earnings which were delivered by International this year, and asking if you can also expand on the mechanics of a B Share scheme in share consolidation mechanism, which might be best to take offline afterwards. But the question about how that £25 million compares to…

Mark Satchel: So the £25 million is lower than the profit contribution that the business would have made. We sold the business using a locked box mechanism, which for people that are familiar with that know that the balance sheet is struck at the start of this year, the end of last year. And really the profits that have been generated by Quilter International and the risks associated with the business is for the buyer already prior to completion. And really what the ticker or that we received from it is compensation for almost an interest cost of us not having the cash up front for the consideration because we had to go through a completion process.

So that's now from a statutory perspective we've got to carry on reporting those profits because that's what IFRS requires us to do. But effectively the economic risks and benefits of ownership transfers at the start of this year and the £25 million is really just there to sort of try and prop up what our headline earnings are going to be in the dividend payment on a continuing door, on a total group business basis as we transition back into just a continuing business with a smaller perimeter. And that's how we bridged it with Quilter Life Assurance sale, which was the same mechanism, same principle, same mechanism that we applied then.

This is a slightly longer regulatory approval process which we anticipated, just given the number of regulators involved. But hopefully that answers it.

B Share Scheme mechanism, I think possibly people in the UK are more familiar with it than people in South Africa. It's effectively for every share that you own you get issued another share that is, becomes immediately redeemable at a set price, and so for every one share you hold you get another share called a B share. The B share then becomes, you get issued it, it gets called by the company and redeemed at a fixed consideration and that's efficiently how you get the return that way.

It has for some shareholders it has advantages because it's viewed as a capital transaction rather than an income return distribution, so there can be benefits from that. Whether we go down that route or not is going to be partially dependent on the South African Reserve Bank allowing us to do that in South Africa just given the ability for foreigners to actually issue additional equity instruments in that market. So that's why it'll either be that or it could just be a peer special dividend. Whichever way we go, we've got to accompany it with a like for like share consolidation of the normal shares.

Paul Feeney: Okay. Any more on the web? No? In which case thank you very much everybody. I really appreciate your time, particularly the time you've given us. We wanted to give you a comprehensive view of our business. Hopefully we have done that. So please if you're in the room please join us for a light lunch outside. And those of you on the web, we'll see many of you of our London investors over the next couple of days and those, and many of you in South Africa we'll see you within the last couple of weeks. Thank you very much. Thanks guys. Okay.

[End of Transcript]